

3/22/78 [2]

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg. re: UN activity <i>OPENED 8/13/73</i>	3/17/78	A
Memo	Hamilton Jordan to Pres. Carter, 9 pp. re: FTC	3/22/78	C
Memo	M. Costanza to Pres. Carter, 35 pp. re: IWY commissioners Social Security numbers	3/22/78	C
Memo	Hamilton Jordan to Pres. Carter, 7 pp. re: Federal Home Loan Bank	3/22/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 3/22/78 [2] Box 77

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CONFIDENTIAL

March 17, 1978

TO: President Carter
THROUGH: Rick Hutcheson
FROM: USUN - Ambassador Young
SUBJECT: U.S. Mission to the United Nations Activities
March 8 - 15

SECURITY COUNCIL

LEBANON - The Arab Group has been holding consultations to discuss the convening of the Security Council to take up Israel's military action in southern Lebanon this week. The Arabs have agreed that there should be a Council meeting, but have left the timing up to the Lebanese who are awaiting instructions from Beirut.

RHODESIA - On March 14 the Security Council on Rhodesia adopted a resolution declaring the internal settlement "illegal and unacceptable". The Western Five nations abstained on the resolution. Ambassador Young explained US objectives in seeking a peaceful solution to the Zimbabwe problem. He offered detailed comparison between the internal settlement proposals and the Anglo-American Proposals (AAP), and concluded by calling for a conference by all the parties based on the principles of the AAP.

The Council continued to meet on March 15 at the request of Zambia concerning the March 6 Rhodesian raid into Zambia. Zambian Foreign Minister Mwale said the Rhodesian raid was a grave threat to international peace and security. The Council is expected to adopt a relatively mild resolution condemning the Rhodesian incursion into Zambia and calling for a speedy end to minority rule in Rhodesia.

NAMIBIA - The Contact Group has spent the past week working to finalize the revised proposal for settlement of the Namibian question. Our current plan is to make the proposals available to the parties early next week. There may be some slippage in this timing.

AMBASSADOR YOUNG'S OTHER MEETINGS

Alexandre Hay, President of the International Commission for the Red Cross, 3/14; Mrs. Shcharansky, wife of Soviet dissident Anatoly Shcharansky, 3/15; Ambassador Carpio-Castillo, Venezuela, 3/15. PRESS: Interview with Raghida Dergham, Lebanon News, regarding the Horn, 3/9; Tammi Hultman and Reid Kramer, Africa Report, 3/10; interview with Les Payne, Newsday, 3/15.

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E.O. 12356, Sec. 2.4
PER 12543 GLE HRE NLR-ALC-92-18
BY 7/20/93 NARS DATE 7/20/93

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THE WHITE HOUSE
WASHINGTON

March 22, 1978

Jim McIntyre:

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling. Please notify DOT and other affected agencies of the President's decision.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Frank Moore
Charles Schultze

ADMINISTRATION APPROACH TO
LEGISLATION CONCERNING THE INT'L
OCEAN LINER SHIPPING INDUSTRY

THE WHITE HOUSE
WASHINGTON

*and other
affected
agencies*

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*Jim McIntyre: pls notify DOT
of the Pres's decision. Thanks*

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<input type="checkbox"/>	WARREN

THE WHITE HOUSE
WASHINGTON

3/15/78

Mr. President:

Two memos relating to maritime policy are attached:

1. McIntyre memo on legislation re: the International Ocean Liner Shipping Industry
2. Adams memo on the need to coordinate Federal maritime policy

OMB's comment on the DOT memo, and Eizenstat's comment on both OMB and DOT memos are also attached.

Frank Moore and Jack Watson had no comment on either memo.

Rick



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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MAR 14 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES T. MCINTYRE, JR. *Jim*
SUBJECT: Administration Approach to Legislation
Concerning the International Ocean Liner
Shipping Industry

This memorandum seeks your guidance on developing an Administration position on several pending legislative items relating to the ocean liner industry. Administration witnesses have been requested to testify on March 17 before the House Merchant Marine and Fisheries Committee on one of these items, which involves the issue of Soviet involvement in our ocean liner trades. The Administration needs to respond to this issue as well as to consider its course of action with respect to several related bills dealing with the ocean liner industry which are about to be considered by the House and Senate merchant marine oversight committees.

Background

Under the Shipping Act of 1916, the Federal Maritime Commission (FMC) oversees the operations of international ocean liner conferences whose ships call at U.S. ports. A liner conference is a group of carriers serving the same ocean trade that have agreed to operate on the basis of a common tariff covering ocean cargo rates, and terms and conditions of service. The conferences, which are basically ratemaking cartels, are given immunity from anti-trust laws, provided they adhere to the requirements of the Shipping Act. These requirements include provision of regularly scheduled ocean liner service at tariff rates filed with and approved by the FMC. The theory underlying the conference systems is that the common tariff will neutralize, to a large extent, the prospect of predatory economic competition between carriers serving a given trade, thus providing shippers and consumers with dependable service at stable rates.

The FMC approves all conference agreements before being implemented but it cannot control entry and exit in the liner industry. The essential role of the FMC is to assure that carriers serve all shippers without discrimination in the prices they charge and the services they provide.

The United States is the only major maritime country which attempts to regulate its ocean liner industry. Further, while the Shipping Act permits price fixing by the conferences, it does not require individual U.S. or foreign carriers to belong to these conferences in order to call at our ports.

There are three considerations which should be weighed in deciding what changes should be made, if any, in American policies toward the ocean liner industry:

- There are international relations dimensions which come into play. Many nations of Western Europe, as well as Japan, promote the liner conference system as a method of protecting their member carriers and would not react favorably to efforts by our government to erode the system. To do so could involve a risk of exposing U.S. flag liners to retaliatory action by foreign governments.
- It is the explicit policy of the United States government, like other nations, to promote our merchant marine through a variety of aids, including subsidies, loan guarantees, tax benefits, and the reservation of portions of U.S. government-generated cargo for carriage by U.S.-flag ships.
- While U.S. ships presently carry 30 percent of our liner cargos, two of our ten subsidized liner companies--all of whom belong to conferences--are in severe financial difficulty, and one has filed for bankruptcy. This situation may lead to increased congressional and industry pressure for expanded Federal financial aid and enactment of further protective measures.

Current Legislation

Bills now pending before the House and Senate merchant marine oversight committees include:

- (1) The "controlled carrier" bill, which would limit the terms on which non-conference, particularly Soviet, carriers could participate in the carriage of our foreign trade. The growing perception is that the Soviet Union has been increasingly successful in offering low-priced liner services to Western nations as a means of earning Western currency, and the Soviet merchant fleet has been growing rapidly in the last few years.
- (2) "Closed Conference" bills, which would restrict membership in the conferences or even exclude non-conference members from operating out of our ports.
- (3) The "pooling and reciprocal agreements" bill, which would greatly increase the authority of carriers of the U.S. and our trading partners to divide up the cargo among themselves at the expense of other maritime nations seeking to provide liner services.
- (4) "Rebating" legislation, which would increase FMC's authority to investigate and enforce laws relating to illegal rebating in the maritime industry. This bill has been reported out of committee and is awaiting House floor action. No Administration position has yet been taken on it.

Issues

These bills raise serious questions about the Administration's position towards the maritime shipping industry. An important goal of the Administration has been to reduce Government regulation wherever possible and to rely more on competition and the marketplace. The bills discussed above would, however, increase Federal regulation of the maritime industry. They also raise foreign policy problems and have been opposed by some of our foreign trade partners. On the other hand, the bills would strengthen the industry by reducing what is perceived as unfair foreign competition and be supportive of maintaining a strong national merchant marine capability.

Agency Comments

Interagency meetings on these issues have been held, but so far we have found little common ground upon which to work out a compromise between your expressed goals of

deregulation versus strengthening the industry. The following discussion summarizes the written views that have come in on the bills, what we have been able to determine informally and to extrapolate from limited comments.

Justice, Treasury and the Council of Economic Advisers (CEA) believe that the maritime problems lie in the nature of the conference system. They believe the remedy is not to tinker with the system, as the current bills would do, but rather to completely restructure it and to narrow or eliminate completely the antitrust exemption for conferences. In their view, the problems lie in the current restrictions on competition and thus the cure is to remove them, not increase them. They view the current bills as anti-competitive, inflationary, and violative of our long-standing policy of free trade. At a minimum they call for a mandatory right of independent action to be required of all conference agreements, that is, each conference member would have the right to file rates independently of the conference, rather than being required to charge the conference rate. Finally, they argue that the Administration's policy toward the regulated ocean shipping industry should be consistent with its attempts to reduce regulation of the airline and trucking industries.

Treasury also believes, however, that if it is decided to take some action concerning Soviet involvement in ocean shipping, then the President could initiate proceedings under Section 301 of the Trade Act of 1974. Treasury suggests that it be directed to determine, first, whether allegations concerning the rate practices of the Soviet merchant marine are true and, if so, what size fee should be imposed to counteract these practices. On the other hand, the Office of the Special Trade Representative believes this proposal should be investigated thoroughly because this would be the first time that the President initiated Section 301 proceedings. Therefore, an important precedent might be set by such action, which would be handled like a "dumping" case.

FMC and Commerce, on the other hand, basically have supported the various bills, if modified to resolve certain procedural, international or discriminatory problems. They see the industry as being in a precarious financial position and subjected to unfair pressures from international carriers whose countries' laws are much more protectionist

than those of the U.S. They view these bills as essential to maintaining a strong U.S. merchant marine, and oppose a mandatory right of independent action for conferences as being destructive. They believe the conference system should be strengthened in order to ensure the carriers financial viability.

State is also willing to support these bills if a number of foreign policy problems can be worked out.

Transportation believes determining a comprehensive Administration policy is impossible at this time and recommends an in-depth interagency study of the maritime shipping industry.

Interim Position

Commerce, FMC, State and DOT believe that the "controlled-carrier" bill can be divorced at this time from the other issues. They believe an acceptable interagency compromise can be worked out in time for the March 17 hearings which will be agreeable to the Congress and the industry. As to the other bills, they believe the Administration should announce that it will undertake an extensive 3-6 month interagency review of the maritime industry and thus take no position on these bills at this time. Justice, Treasury, and CEA agree with the need for the study, but believe the controlled carrier bill should be included in it.

Options

We believe there are now three options to consider:

- ☒ (1) Support the "controlled carrier" bill with certain modifications which would provide for Presidential review and preemption of FMC regulatory actions when foreign policy considerations so require, and limit the duration for which controlled carriers could be excluded from operating out of U.S. ports. (Supported by FMC, DOT, Commerce, State)

- ☐ (2) Explore using Section 301 of the Trade Act of 1974. (Supported by Treasury as second choice)

(NOTE: If option 1 or 2 is chosen, an interagency review of Administration policy would be carried out regarding the other legislation).

← ok
J

- ☐ (3) Take no position on any of the legislation in this area pending completion of a six month interagency review of options for Administration policy toward the ocean liner industry, the conference system and the emerging role of the Soviet Union in this industry. (Supported by Justice, CEA, Treasury as first choice, and OMB).



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

March 10, 1978

MEMORANDUM FOR THE PRESIDENT

Attention: Mr. Rick Hutcheson, Staff Secretary

FROM: Brock Adams

Subject: Maritime Policy

A large, stylized handwritten signature of Brock Adams is written over the "FROM" and "Subject" lines.

I suggest that you establish an interdepartmental task force to develop a Federal maritime policy. The need for such action is briefly outlined below:

CALLS FOR COORDINATION

Congressional leaders, foreign governments, carriers, shippers, and unions have repeatedly called for the development of a coordinated U. S. maritime policy over the past few years. This week (March 8, 1978) the House Merchant Marine Fisheries Committee issued a report stating that it "was extremely concerned about the lack of coordination between the agencies of the executive branch" to produce a coherent national maritime policy.

During your Campaign, you called for a national maritime policy which would include a commitment to a higher level of coordination of the diverse sub-Cabinet activities involved in maritime policy (such as through the appointment of a maritime affairs advisor to the President . . .).

NEED FOR COORDINATION

Federal agencies are pursuing conflicting policy objectives in the maritime field. A few examples will illustrate the nature and importance of these conflicts:

- (1) The Department of Justice has convened a grand jury to investigate antitrust violations by U. S. and European carriers in the North Atlantic trades. The Ambassadors of Great Britain, France,

Germany, and Sweden have personally protested this investigation to the State Department. They disapprove of this Nation's unilateral efforts to regulate bilateral trade. These nations have called for consultations with the United States to produce an agreed on regulatory scheme for maritime transport. They have suggested beginning the discussions this May. In order to respond to their initiatives, we will need to have agreed on a U. S. policy.

- (2) It is possible that the United Nations Commission on Trade and Development proposed code on liner shipping will be ratified in the coming year. This code would divide all liner traffic 40% to each trading partner and 20% to third nations. The code was strongly advocated by developing nations, and represents a major achievement by them within the United Nations. While the U. S. is not a signatory to the code, we will be required to decide whether to follow the code if it is ratified. A U. S. maritime policy should be developed to help formulate a response.
- (3) The Department of Justice is publicly suggesting that the liner conference system be either abolished or altered to promote competition, while the leadership of the Maritime Administration and the Federal Maritime Commission have indicated that tightening the conference may be necessary to counteract the impact of vast overtonnaging in the U. S. trades and to maintain a U. S. flag fleet.
- (4) The Department of Energy has initiated action which could divert L. N. G. traffic from U. S. lines. At the same time, the Commerce Department is providing subsidy for the construction of U. S. Flag L. N. G. tankers.

These conflicts raise basic questions concerning regulatory policy, cargo reservations, the maintenance and size of a U. S. flag fleet, etc., which can be best addressed by a systematic review rather than through piecemeal responses to initiatives taken by others.

Chairman Richard Daschbach of the Federal Maritime Commission summarized the need for coordination in a speech on February 18, 1978:

"The Shipping Act from which we derive our regulatory authority was never intended to deal with a situation in

which national considerations at the government level would eventually take precedence over economic considerations in the world marketplace. At least two responses to this recent trend are needed: 1) revisions in our shipping laws, where appropriate, to deal with the changing dynamics of the world shipping trade caused by the emergence of the national interest factor; and 2) creation of a national maritime policy so that we can speak to other nations with a single voice. A cohesive national maritime policy is very familiar to most of the countries with whom we trade. . . . Despite our status as the richest nation in the world, we find ourselves in an awkward position compared with our maritime trading partners. We have a declining merchant marine and a fragmented policy approach to ocean transportation."

Chairman Daschbach has set up a process to develop the FMC's proposal for a national maritime policy. The Justice Department took similar unilateral action when the prior Administration's coordination efforts broke down. While such individual efforts are clearly valuable, the findings and conclusions of these separate agency efforts must be melded into a single national policy.

TIMELINESS

Various departments within the Administration have been asked to comment on three proposed bills which raise fundamental questions concerning national maritime policy. One bill seeks to block dumping of shipping services in the U.S. trades by the Soviets and other communist nations. The second bill would close conferences in U.S. trades; open entry is now permitted. A third bill introduced by Senator Russell Long would exempt privately negotiated agreements to divide a bilateral trade from the U.S. antitrust laws. These proposed laws were recently described by the Journal of Commerce as follows: "Within the next two months, legislation is to be introduced in the Congress striking at the very heart of the principles of anti-trust...[S]uch measures represent a regulatory revolution for the U.S. maritime industry." [Dec. 5, 1977] The Administration was asked to provide its position on the three bills this week. At the behest of OMB and the Domestic staff, the Senate Commerce Committee and House Merchant Marine and Fisheries Committee granted a two-week extension before Administration witnesses will be called to testify.

The leadership of these Committees have frankly admitted that one purpose of the legislation is to prompt the Administration to develop a coordinated

policy. The House Committee intends to hold in-depth hearings on various U.S. maritime policy options later this year. Rather than responding to these individual piecemeal requests in a hurried fashion, I suggest that the Administration defer present comment and set up a task force to develop an overall policy which would be delivered to the Congress within six months. Such a process would require clearly needed in-depth consultation between Executive Departments.

PROCESS SUGGESTED

I suggest that you appoint an experienced leader not currently serving in this Administration to lead an interdepartmental task force to formulate a national maritime policy. An individual with strong leadership skills and experience in the formulation of interdepartmental policy is needed for this project. Some names that come to mind in this regard are: Willard Wirtz, John Dunlap, Elmo Zumwalt and Larry Lynn. Efforts to work out a coordinated policy in past Administrations have foundered and failed due to the lack of strong leadership which could wield together powerful competing interests within the government. The task force should propose a policy to you in four to six months. It should be composed of senior appointed officials from the Departments of Commerce, Energy, Defense, Justice, State, Treasury, Transportation, the Federal Maritime Commission, the Office of Management and Budget, and the Domestic Staff.

As a postscript to the above, I understand that a meeting was held today at OMB to discuss the three pending pieces of legislation described above. It was the general consensus of those participating that this Administration needs to bring together the various agencies and develop cohesive national maritime policy. The participants did not agree on a process to articulate such a policy, in large part because of the strong conflicts between key agencies. The results of that meeting reaffirmed the need for strong, experienced leadership to chair a task force and produce the required policy.

APPROVE _____

DISAPPROVE _____

OTHER _____

OMB COMMENT
on DOT MEMO



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 15 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *JTM*
SUBJECT: Adams Memorandum on Maritime Policy

We have the following comment on Secretary Adams' memorandum of March 10 on maritime policy.

As discussed in our March 14 memorandum to you concerning legislation affecting the ocean liner industry, we support the general approach of an interdepartmental task force study to develop Federal maritime policy. However, we believe Secretary Adams' proposal is overly broad.

The maritime industry may be divided into three segments:

- (1) the ocean liner industry, which provides regularly scheduled common carrier service by water;
- (2) the bulk and charter ship operating segment, including companies operating oceangoing vessels on a proprietary basis; and
- (3) the shipbuilding industry.

Our memorandum of March 14 noted that there is considerable support among Executive Branch agencies to undertake an interagency review in order to develop this Administration's policy toward the ocean liner industry. This is especially desirable because of Congressional pressure for an Administration position on a number of legislative proposals affecting this industry and the agency which regulates it, the Federal Maritime Commission. However, inclusion of the second and third segments of the industry should be, and to some extent have been, addressed in separate decisions by this Administration.

For example, the issue of subsidies for the construction of U.S.-flag LNG tankers--involving the bulk shipping and ship-building industries--was raised last fall during the FY 1979 budget review process. As you know, the Administration decided then to continue subsidizing the construction of these ships in the 1979 budget, pending completion of an interagency review of overall LNG import policy now being led by the Department of Energy.

Therefore, we recommend that the interagency review of maritime policy, as suggested by Secretary Adams, be confined to the ocean liner industry at this time.

EIZENSTAT
COMMENT ON
OMB/DOJ MEMOS

THE WHITE HOUSE

WASHINGTON

March 15, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
BILL JOHNSTON

Shu

SUBJECT:

McIntyre Memo on Maritime
Policy

At present there is a serious over-supply of both ship operating and ship-building capacity throughout the world. This over-supply is the result of aggressive efforts by developing and socialist countries to build their merchant marines, and of slower than expected growth of international trade, especially oil. The oversupply situation, which is not expected to ease for at least several years, has led to unusually strong competitive pressures including rate-cutting and illegal rebates from shipping companies to shippers to win business. Throughout the world a "shake-out" of shipping and ship-building companies is underway. In reaction to this competitive environment the shipping industry has sought, and in some countries has obtained, greater protection and increased cartelization of international shipping markets. Each of the bills currently before the Congress is addressed to one facet or another of these underlying problems.

These bills present us with a difficult choice between apparently conflicting principles we have supported:

- We favor strong competition in all markets, national and international.
- We also favor maintaining and strengthening our maritime industry. Most interested Congressmen, and certainly most of those in the industry, believe that the only way to allow our maritime industry to prosper in the face of competition from state-owned and subsidized carriers is to strengthen the liner conference system, i.e., further limit competition and cartelize the industry.

Ocean shipping is not entirely analogous to international aviation. In aviation, American companies have long been the preeminent world carriers. Now they face increasingly tough competition from other countries seeking to develop their own air fleets. Despite this competition our air carriers should be able to prosper; free air competition appears to be consistent with more American jobs and profits for the next few years. In ocean shipping however, our companies are weaker and smaller than many others abroad. Given this poorer competitive position, and subsidized competition from other countries, it appears that freer competition in ocean shipping will mean fewer American ships and seamen.

In light of the complexity of this issue, we agree with all agencies that regulation of ocean shipping deserves careful study by an interagency group, to report back to you within 3-6 months.

The "controlled carrier" bill on which we are scheduled to testify Friday is addressed to a special aspect of this problem. In recent years Soviet flag carriers have initiated an aggressive effort to begin carrying ocean freight throughout the world. By cutting rates well below those maintained by the conferences (as much as 40% in some cases), the Soviet fleet has been able to make significant penetration into many of the trades. The questions raised by this have to do not only with the negative economic impacts that this penetration has had on American and European shipping companies. More importantly there are major national defense and foreign policy concerns raised by growing dependence on Soviet shipping. The "controlled carrier" bill would allow the FMC to make a determination as to the fairness of the rates set by state-controlled carriers serving American ports. It would have the effect of forcing Soviet shippers to set rates close to those maintained by the conferences.

We believe that the issues addressed in the controlled carrier bill are distinct, and should be resolved without waiting for the interagency committee to report back.

We recommend support for this bill.

- The controlled carrier bill is addressed to the problem of unfair competition by Soviet ships. Supporting it does not necessarily prejudice our position on broader changes in the regulation of the maritime industry.

- The bill, if it is modified, has the support of the State Department, including the Soviet desk. Our leverage to win desirable changes in the bill will be greater if we testify in favor of the bill with modifications.
- Support for this Congressionally authored bill is likely to win us some praise in the Congress and among our European shipping partners, while still keeping the Congress in the lead on the issue.

In response to Secretary Adams' memorandum, we concur with the need for an interdepartmental study to formulate a national maritime policy, but oppose bringing someone in from the outside to chair this study. It would be difficult to find someone who would be viewed as totally neutral and would establish a precedent for bringing outside people in for a study when such studies should be totally inside the government. I would suggest that our staff and OMB jointly chair such a task force which could be run through the Domestic Policy Review System or could be done on a more informal basis.

WASHINGTON

DATE: 14 MAR 78

FOR ACTION: STU EIZENSTAT

JACK WATSON

FRANK MOORE (LES FRANCIS) *NC*JIM MCINTYRE *attached*

INFO ONLY: THE VICE PRESIDENT

ZBIG BRZEZINSKI

BOB LIPSHUTZ

SUBJECT: ADAMS MEMO RE MARITIME POLICY

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM *Thursday* 16 MAR 78 +

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

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WASHINGTON

DATE: 15 MAR 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JACK WATSON *nc*

INFO ONLY: THE VICE PRESIDENT

CHARLIE SCHULTZE

ZBIG BRZEZINSKI

SUBJECT: MCINTYRE MEMO RE ADMINISTRATION APPROACH TO LEGISLATION
CONCERNING THE INTERNATIONAL OCEAN LINER SHIPPING
INDUSTRY

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM ~~FRIDAY~~ *Thurs* 17 MAR 78 +
+++++

ACTION REQUESTED: COMBINE WITH COMMENTS ON ADAMS' MARITIME POLICY

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

✓	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	✓	MONDALE
		COSTANZA
✓		EIZENSTAT
		JORDAN
		LIPSHUTZ
✓		MOORE
		POWELL
✓		WATSON
		McINTYRE
✓		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
✓	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

Stu Eizenstat
Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

ADMINISTRATIVELY CONFIDENTIAL

DEPARTMENT OF JUSTICE REVIEW OF
CIVIL LIBERTIES CASES



Office of the Attorney General
Washington, D. C. 20530

March 21, 1978

MEMORANDUM FOR THE PRESIDENT

FROM : Griffin B. Bell
Attorney General

SUBJECT: Department of Justice Review of Civil Liberties Cases

1. New York Times Critique.

On March 13, 1978, you asked for a brief assessment of Anthony Lewis's critique in the New York Times of the positions of the Department of Justice in several cases which raise policy questions in the area of civil liberties and openness of government. The response of Barbara A. Babcock, Assistant Attorney General for the Civil Division, which handles these cases, may be summarized as follows:

--The Secret Service denied a White House press pass to Reporter Robert Sherrill on the grounds that he was a potential security risk to the President due to his prior conviction for assaulting a press secretary in a state capitol and his outstanding arrest warrant on another assault charge. The Government argued that a requirement to issue narrow and carefully defined regulations for granting press passes was unduly restrictive. The Court of Appeals agreed. The court ordered new regulations providing for notice of the reasons for denial of a press pass and an opportunity to rebut the charges.

--Mr. Lewis acknowledged in a letter to Ms. Babcock that he made a factual error in recounting the Kissinger transcripts case. The Government never made the argument that Kissinger's phone notes were exempt from the Freedom of Information Act. The argument was simply that the application of the FOIA could not be determined until the Government had access to Kissinger's records.

--The Government sought protective orders in two cases to curtail public comments by opposing counsel on documents received in discovery. Opposing counsel had, in violation of the code of Professional Responsibility, made extrajudicial comments construing and often distorting the documents in support of plaintiff's theories of injury by the conduct of federal officials. To ensure a fair trial and to avoid making "counter press statements," the Government moved to curtail counsels' comments. Seeking such orders is not the usual practice of the Civil Division, but has been used in extreme cases.

--The Government appealed the decision in the CIA mail opening case because the award of monetary damages in this case would set a precedent for tremendous recoveries which could exceed two hundred million dollars.

2. Review of Civil Liberties Cases.

I share your general concern that the litigation posture of the Government should reflect a philosophical commitment to protecting civil liberties and ensuring openness in government. It is impossible for the Attorney General to personally follow the development of every case with policy implications in these areas. For example, the Civil Division directly handles 24,000 cases per year.

Because of the dimensions of the Department's caseload, the Assistant Attorneys General must be final decisionmakers in the majority of cases. By creating the position of an Associate Attorney General with responsibility for supervising civil litigating divisions, I have tried to increase the scrutiny of cases with significant policy implications. In addition, I am considering several other steps toward an effective "early warning system" to spot cases which deserve a thorough policy review:

--I am preparing a statement of my civil liberties policy to all litigating arms of the Department, including United States Attorneys Offices explaining that it is the Department's role to vindicate and protect civil liberties and urging litigators to seek guidance from the Assistant Attorney General level or above on any cases which present difficult civil liberties issues.

--As a result of a lengthy study, the Civil Rights Division has proposed that it be given responsibility to advise the Attorney General on civil liberties issues and to serve as liaison with civil liberties groups. The civil liberties unit would explore complaints about litigative or legislative positions with the Division or agency taking the position and raise the matter where necessary with Mike Egan, Ben Civiletti, Wade McCree, or me. I will consider this.

--Mr. Civiletti has installed a system whereunder he will be alerted as to any litigation giving rise to civil liberties issues based on electronic surveillance.

--The Solicitor General is in charge of all appeals and has been alerted to keep a close watch for civil liberties questions and to make certain that where consistent with law we stand for individual rights.

--In addition to reinforcing the need for the Deputy and Associate Attorney General to be vigilant in spotting cases with civil liberties implications, I will discuss with them the possibility that a civil liberties review function could be created outside the Civil Rights Division either in the form of an individual ombudsman reporting to them or in the form of an inter-divisional committee which they might co-chair.

In candor, I must say that part of the Lewis problem may be your Attorney General. Mr. Lewis has never been one of my admirers and has so written, beginning shortly after you selected me.

I will advise you about any actions I take along the lines of these proposals. The Vice President has spoken to me of his concern over the Lewis articles. I will also keep him advised about developments in the Department in this area.

cc: The Vice President

Jimmy Bell

*Admin
confid*

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WASHINGTON

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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

3-13-78

To Griffin Bell

I've been a little disturbed by the Anthony Lewis articles re our encroachment on personal privacy. If true, this is a trend contrary to the basic philosophy of both you & me.

Please give me a brief assessment.

Jimmy

1501

THE WHITE HOUSE
WASHINGTON

March 22, 1978

Jim McIntyre:

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

REQUESTS FOR FY 1978 SUPPLEMENTAL
APPROPRIATIONS AND FY 79
BUDGET AMENDMENTS

Original to Bob Linder

THE WHITE HOUSE
WASHINGTON

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	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
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top page only

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	JAGODA
	GAMMILL

	KRAFT
/	LINDER <i>original</i>
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

3/22/78

Mr. President:

No objection from Congressional Liaison or Domestic Policy Staff.

Rick



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

March 20, 1978

SIGNATURE

MEMORANDUM FOR:

THE PRESIDENT

FROM:

James T. McIntyre, Jr.

SUBJECT:

Requests for Fiscal Year 1978 Supplemental
Appropriations and Fiscal Year 1979 Budget
Amendments

Attached for your approval is a package of urgent requests for supplemental appropriations and related budget amendments. The House Appropriations Committee is not planning to report a bill covering all the 1978 requests for funds included in the January Budget soon. However, they may be willing to act on a few urgent 1978 requests within the next few weeks. These items need to be included in such a small supplemental bill. For that reason they are being sent to you in advance of a consolidated package of 1978 and 1979 requests--including changes related to urban policy and farm policy initiatives--that is in initial stages of preparation. These requests include:

- ° \$150 million in fiscal year 1978 for disaster relief to provide funds needed to alleviate the effects of severe winter weather in New England and the Midwest and the recent flooding in the Southwest and California. The Department of Housing and Urban Development estimates that presently available funds will be obligated by mid-March to meet already existing commitments.
- Small?* ° \$185 million in fiscal year 1978 and \$582 million in fiscal year 1979 for the Black Lung program. The 1978 request is necessary at this time because the Black Lung Benefits Reform and Revenue Acts of 1977 require that all Black Lung benefit payments made after April 1, 1978, be paid from the new Black Lung Disability Trust Fund. The initial funding of this Fund will be provided by these requests for supplemental appropriations and budget amendments.
- ° \$15 million in fiscal year 1978 for the Russian flu vaccination program. Funds are required at this time to meet the long lead times required by drug manufacturers and State governments in setting up the program as well as for field testing.

The details of these proposals are contained in the fact sheets attached to the memorandum.

ID 781501

T H E W H I T E H O U S E

WASHINGTON

DATE: 20 MAR 78

FOR ACTION: STU EIZENSTAT

attached
FRANK MOORE (LES FRANCIS)

Miss, will concur

INFO ONLY:



SUBJECT: MCINTYRE MEMO RE REQUESTS FOR FISCAL YEAR 1978
SUPPLEMENTAL APPROPRIATIONS AND FISCAL YEAR 1979
BUDGET AMENDMENTS

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: +
+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND REQUESTED

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

WASHINGTON

DATE: 20 MAR 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

*XC: CABLE L
TATE (RF) -
FM -*

INFO ONLY:

SUBJECT: MCINTYRE MEMO RE REQUESTS FOR FISCAL YEAR 1978
SUPPLEMENTAL APPROPRIATIONS AND FISCAL YEAR 1979
BUDGET AMENDMENTS

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: +
+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND REQUESTED

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Cong. Liaison:

Are we sure that the Russian flu vaccine program is different from the Swine flu program of 1976? (DT)

*There is a major difference b/t the 2 programs - per 0413
They have a State Administered program - in contrast to Swine flu (76) which was 100% Federal*



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 20, 1978

SIGNATURE

MEMORANDUM FOR:

THE PRESIDENT

FROM:

James T. McIntyre, Jr.

Jim McIntyre

SUBJECT:

Requests for Fiscal Year 1978 Supplemental
Appropriations and Fiscal Year 1979 Budget
Amendments

Attached for your approval is a package of urgent requests for supplemental appropriations and related budget amendments. The House Appropriations Committee is not planning to report a bill covering all the 1978 requests for funds included in the January Budget soon. However, they may be willing to act on a few urgent 1978 requests within the next few weeks. These items need to be included in such a small supplemental bill. For that reason they are being sent to you in advance of a consolidated package of 1978 and 1979 requests--including changes related to urban policy and farm policy initiatives--that is in initial stages of preparation. These requests include:

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- ° \$15 million in fiscal year 1978 for the Russian flu vaccination program. Funds are required at this time to meet the long lead times required by drug manufacturers and State governments in setting up the program as well as for field testing.

The details of these proposals are contained in the fact sheets attached to the memorandum.

Sgt 3/22/78
Original to OMB 3/22/78
R

RECOMMENDATION

I recommend that you sign the letter transmitting these requests to the Congress as soon as possible so that Congress can act in time to minimize disruption of these programs.

Attachments

1572

THE WHITE HOUSE
WASHINGTON

March 22, 1978

Jim McIntyre:

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

LEONARD FOOTE LETTER TO
"Governor" carter Re: H.R. 10915

THE WHITE HOUSE
WASHINGTON

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Joe D. Tanner
COMMISSIONER

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Roswell—State-at-Large
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Valdosta—State-at-Large

Department of Natural Resources

270 WASHINGTON ST., S. W.
ATLANTA, GEORGIA 30334
(404) 656-3500

MAR 10 PM 3 51

RFD #3
Canton, Georgia 30114

March 8, 1978

Mr. Tim Kraft
Appointment Secretary to the President
The White House
Washington, D. C.

Dear Mr. Kraft:

We met at a meeting with Governor Carter at Plains the Sunday prior to his inauguration. At that time he directed me to contact him when necessary relative to areas of vital importance to conservation such as that enclosed.

I will appreciate your bringing this to his attention.

Sincerely,

Leonard E. Foote

Enc.



Joe N. Tanner
COMMISSIONER

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Department of Natural Resources

270 WASHINGTON ST., S. W.
ATLANTA, GEORGIA 30334
(404) 656-3500

RFD #3
Canton, Georgia 30114

March 8, 1978

To Jim
McIntyre -
Do you have
strong objection?
J

President Jimmy Carter
The White House
Washington, D. C.

Dear Governor:

HR 10915 by Conable (N.Y.) provides for a nongame fish and wildlife program modeled on P.R. and D.J. federal aid game and fish programs. Nearly 40 state resource agencies have supported this to the House Merchant Marine and Fisheries Committee; there is hard support by 243 public and private organizations as listed on the enclosed.

States and major conservation organizations want the Nongame Act supported by manufacturers' excise taxes on certain outdoor recreation equipment as proposed by HR 10915 to continue the precedents of P.R. and D. J. which excise tax revenue is stoutly defended by makers of sporting arms and fishing tackle and the public who hunt and fish.

OMB is drafting memos opposing the proposal, or suggesting its financing from P.R. and D.J. funds or by appropriation rather than by excise tax. These are unacceptable alternatives to Jack and me. The program will increase the enjoyment of many millions of recreating Americans who have a long record of willingness to tax products they use for funding to assure perpetuation of our native forms of life. No additional federal costs are required. Jack is attempting to contact Jim MacIntyre to remove OMB's objection to the excise tax.

The woodcock are now in full flight: if there are some brushy openings and alder runs at Camp David, they should be flying there soon after the snow goes off.

Jack tells me Vice-President Mondale has never panned gold - send him down and we will enlighten him without showing him more than the \$14.72 worth we found when Rosalyn and you panned with us.

Grace joins me in sending our best regards to you both.

Sincerely,

Leonard E. Foote

cc: Jack Crockford

Encs.

ORGANIZATIONS AND INSTITUTIONS SUPPORTING IMPROVED NONGAME
FISH AND WILDLIFE CONSERVATION PROGRAMS

1. North American Native Fishes Association (Cal.)
2. Wild Canid Survival and Research Center (Mo.)
3. Arkansas Game and Fish Commission
4. New Jersey Division of Fish, Game and Shellfisheries
5. Outdoor Writers Association of America (Wis.)
6. Riverside County, California Fish and Game Commission
7. University of Wyoming National Park Service Research Center
8. Western Pennsylvania Conservancy
9. Portland Oregon Journal
10. Pittsburgh Pennsylvania Press
11. American Association for Conservation Information (Ark.)
12. Scenic Hudson Preservation Conference (N.Y.)
13. Connecticut Wildlife Unit
14. North Dakota Wildlife Federation
15. VPI School of Forestry and Wildlife Resources (Vir.)
16. Texas Conservation Council
17. Rocky Mountain Forest and Range Experiment Station (Col.)
18. Houston Sportsmen's Club (Tex.)
19. Indiana Division of Fish and Wildlife
20. Conservation Society of Southern Vermont
21. Tennessee Conservation League
22. U.S. Forest Service Fisheries and Wildlife Management Staff, San Francisco, California
23. Connecticut River Watershed Council
24. Rutgers University Department of Horticulture and Forestry (N.J.)
25. Marine Environmental Council of Long Island (N.Y.)
26. North Carolina Wildlife Resources Commission
27. Lycoming Audubon Society (Pa.)
28. Central Michigan University Department of Biology
29. Oregon State University Department of Fisheries and Wildlife
30. Hawaii Division of Fish and Game
31. Hawaii Audubon Society
32. Hawaii Institute of Pacific Islands Forestry
33. Florida Conservation Foundation
34. U.S. Forest Service Southeastern Experiment Station (N.C.)
35. New York-New Jersey Trail Conference (N.Y.)
36. Delaware Nature Education Society
37. Missouri Department of Conservation
38. Washington Department of Game
39. Texas A&M University Department of Wildlife and Fisheries Sciences
40. Tennessee Environmental Council
41. Utah Division of Wildlife Resources
42. National Wildlife Refuge Association (Minn.)
43. Austin Peay State University Department of Biology (Tenn.)
44. International Society For the Protection of Animals (Mass).
45. Statesboro Georgia Herald
46. Michigan United Conservation Clubs
47. Idaho Nature Conservancy
48. Whooping Crane Conservation Association (Ariz.)
49. Delaware Division of Fish and Wildlife
50. Humane Society of the United States (D.C.)

51. Welder Wildlife Foundation (Tex.)
52. Utah State University Department of Wildlife Science
53. Illinois Natural History Survey
54. University of Montana Wildlife Biology Program
55. Tennessee Wildlife Resources Agency
56. American Chemical Society (D.C.)
57. South Carolina Wildlife and Marine Resources Department
58. Guam Science Teachers Association
59. Michigan Department of Natural Resources
60. American Forestry Association (D.C.)
61. Florida Game and Fresh Water Fish Commission
62. University of Florida School of Forest Resources and Conservation
63. Montana Department of Fish and Game
64. North American Falconers Association (Wash.)
65. Game Conservation International (Tex.)
66. Indiana Conservation Council
67. Pennsylvania Game Commission
68. University of Minnesota Department of Entomology, Fisheries and Wildlife
69. Virginia Cooperative Wildlife Research Unit
70. Minnesota Ornithologists' Union
71. Colorado Division of Wildlife
72. South Dakota Cooperative Wildlife Research Unit
73. Tallgrass Prairie Foundation (Ks.)
74. Colorado State University Department of Fishery and Wildlife Biology
75. J.N. "Ding" Darling Foundation (Ia.)
76. American Cetacean Society (Ca.)
77. University of Maine School of Forest Resources
78. Tennessee Ornithological Society
79. Citizens For Wildlife Preservation (Tenn.)
80. U.S. Forest Service Wildlife Division (D.C.)
81. Oklahoma Wildlife Federation
82. Urban Wildlife Research Center (Md.)
83. University of New Hampshire Institute of Natural and Environmental Resources
84. Florida Wildlife Sanctuary
85. Arizona Wildlife Federation
86. Mississippi State University Department of Wildlife and Fisheries
87. South Dakota State University Cooperative Extension Service
88. Rhode Island Division of Wildlife
89. Georgia Wildlife Federation
90. Wisconsin Department of Natural Resources
91. Illinois Department of Conservation
92. Des Moines Iowa Register and Tribune
93. The Conservation Foundation (D.C.)
94. Maine Department of Inland Fisheries and Wildlife
95. Minnesota Department of Natural Resources
96. Pennsylvania Cooperative Wildlife Research Unit
97. South Dakota Division of Game and Fish
98. Arkansas State University Division of Biological Sciences
99. Pennsylvania Fish Commission
100. New York Nature Conservancy
101. North Dakota Game and Fish Department
102. Utah Cooperative Wildlife Research Unit
103. Muscatatuck National Wildlife Refuge (Ind.)
104. Illinois Nature Conservancy

105. University of Idaho College of Forestry, Wildlife and Range Sciences
106. American Fisheries Society (Md.)
107. Northeast Center For Natural Areas (Me.)
108. Idaho Department of Fish and Game
109. Illinois Wildlife Federation
110. Buffalo Gap National Grassland (S.D.)
111. Helena National Forest (Mt.)
112. Minnesota Izaak Walton League
113. California Wildlife Defenders
114. Kansas Wildlife Federation
115. University of Wisconsin College of Natural Resources
116. Endangered Species Productions (Mass.)
117. Payette National Forest (Id.)
118. Conservation Federation of Missouri
119. Missouri Wildlife Society
120. New Jersey Audubon Society
121. Western Forestry and Conservation Association (Ore.)
122. Inland Bird Banding Association (Neb.)
123. Northeastern Forest Experiment Station (Ma.)
124. Maryland Environmental Trust
125. New Hampshire Fish and Game Department
126. Ohio Division of Wildlife
127. Society of American Foresters (D.C.)
128. North Carolina Wildlife Federation
129. Society for Animal Protective Legislation (D.C.)
130. Valdosta Georgia Daily Times
131. Iowa State University Department of Forestry
132. Eagle Valley Environmentalists (Ill.)
133. David McKay Publishing Company (N.Y.)
134. Society for the Preservation of Birds of Prey (Cal.)
135. Max McGraw Wildlife Foundation (Ill.)
136. Sport Fishing Institute (D.C.)
137. The Wilderness Society (D.C.)
138. Boy Scouts of America (N.J.)
139. West Virginia Wildlife Resources Division
140. Maryland Wildlife Administration
141. Wyoming Outdoor Council
142. The Wildlife Society (D.C.)
143. Northern Virginia Wildlife Society
144. Environmental Law Institute (D.C.)
145. Chesapeake Bay Foundation (Md.)
146. Natural Land Institute (Ill.)
147. Massachusetts Audubon Society
148. U.S. Forest Service, Region 4 (Utah)
149. Center For Natural Areas (D.C.)
150. Oklahoma Ornithological Society
151. University of Maine School of Forest Resources
152. Alaska Department of Fish and Game
153. Arkansas Natural Heritage Commission
154. Michigan State University Department of Fisheries and Wildlife
155. Oklahoma Department of Wildlife Conservation
156. Idaho Wildlife Federation
157. University of Montana Cooperative Wildlife Research Unit
158. Massachusetts Wildlife Federation
159. New York State Department of Environmental Conservation
160. Ruffed Grouse Society (Pa.)

161. Delaware Nature Education Association
162. Connecticut Wildlife Federation
163. Colorado Cooperative Wildlife Research Unit
164. VPI Cooperative Extension Service (Va.)
165. American Society of Ichthyologists and Herpetologists (Fla.)
166. Kansas Ornithological Society
167. Nebraska Game and Parks Commission
168. Louisiana Wild Life and Fisheries Commission
169. University of New Hampshire College of Life Sciences and Agriculture
170. Scenic Hudson Preservation Conference (N.Y.)
171. U.S. Forest Service, Region 8 (Ga.)
172. Southern Illinois University Fisheries Research Laboratory
173. Federation of Western Outdoor Clubs (Ore.)
174. Baton Rouge Audubon Society (La.)
175. Vermont Natural Resources Council
176. Patuxent Migratory Bird Research Laboratory (Md.)
177. North Dakota Game and Fish Department
178. Elsa Wild Animal Appeal (Cal.)
179. Iowa Department of Public Instruction
180. Southeastern Cooperative Wildlife Disease Study (Ga.)
181. University of California, Berkeley College of Natural Resources
182. Cornell University Laboratory of Ornithology
183. Arkansas Trappers Association
184. International Crane Foundation (Wis.)
185. Oregon Wildlife Commission
186. Oregon Environmental Council
187. Sierra Club, Pacific Northwest
188. Western Illinois University College of Arts and Sciences
189. Indiana State University Department of Life Sciences
190. U.S. Forest Service, Blanco Ranger District (Col.)
191. Iowa Izaak Walton League of America
192. University of Vermont, Wildlife Program
193. New Hampshire Institute of Natural and Environmental Resources
194. Oregon Bureau of Land Management Office
195. University of Massachusetts Wildlife Society
196. Vermont Agency of Environmental Conservation
197. Wyncote Audubon Society (Pa.)
198. Citizen Nongame Advisory Committee (Cal.)
199. Connecticut Audubon Society
200. Arkansas Audubon Society
201. Houston Audubon Society (Tex.)
202. Pennsylvania State University, School of Forest Resources
203. Citizen Nongame Advisory Committee (Cal.)
204. University of Vermont
205. Tennessee Valley Authority
206. International Paper Company (Ala.)
207. Greene County Wildlife Club (Ark.)
208. Forestry, Fish and Game Commission (Ka.)
209. Eastern Kentucky University
210. Vermont Institute of Natural Science
211. Murfreesboro Chapter 2947, American Association of Retired Persons (Ark.)
212. America the Beautiful Fund (D.C.)
213. Department of Inland Fisheries & Wildlife (Me.)
214. California Department of Fish and Game
215. School of Forestry, University of Montana
216. The Nature Conservancy (Minn.)
217. U.S. Fish and Wildlife Service (D.C.)
218. U.S. Fish and Wildlife Service (Colo.)

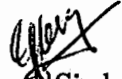
219. Federal Cartridge Corporation (Minn.)
220. U.S. Fish & Wildlife Service, Wildlife Division (D.C.)
221. U.S. Forest Service, (Calif.)
222. Ministry of Natural Resources (Toronto, Canada)
223. National Wildlife Federation (D.C.)
224. Game & Fresh Water Fish Commission (Fla.)
225. The Nature Conservancy (Minn.)
226. University of Montana, Wildlife Biology
227. American Association of Retired Persons, Murfreesboro Chapter, (Ark.)
228. Department of Fish and Game (Cal.)
229. America the Beautiful Fund (D.C.)
230. Smoky Hills Audubon Society (Kan.)
231. Michigan Audubon Society
232. Wildlife Resources Center (N.Y.)
233. Department Inland Fisheries & Wildlife (Me.)
234. Kentucky Nature Preserves Commission (Ken.)
235. USDI Office of Migratory Birds (D.C.)
236. Colorado State University, Department Fishery & Wildlife Biology (Colo.)
237. State Conservation Commission (Iowa)
238. Natural Resources Management (Ill.)
239. Argonne National Laboratory (Ill.)
240. State Game & Fish Department (N.D.)
241. Division of Wildlife (Colo.)
242. Manitoba Department of Renewable Resources & Transportation Services (Canada)
243. Division Fish, Game & Shellfisheries (N.J.)

NATIONAL SECURITY COUNCIL

SECRETARY VANCE:

Roy Atherton requests that you call him urgently about a Security Council matter that is breaking in New York with respect to Israel and Lebanon.

632-9588


Gary Sick
(3308)

It doesn't change

The ~~perpetuity~~ removal
of the perpetuity provision

In any event he
should hold up any
statement until after
Friday.

THE WHITE HOUSE
WASHINGTON

PRINCIPLES OF TREATY
NOT CHANGED BY
RECENT RESERVATIONS:

- 1) EVENTUAL REMOVAL OF
US TROOPS
 - 2) OWNERSHIP AND CONTROL
OF CANAL BY PANAMA
-

IF THIS TREATY IS
REJECTED, IT WILL BE
50 YEARS BEFORE ANOTHER
U.S. PRESIDENT TAKES THIS
ISSUE UP.

THE WHITE HOUSE
WASHINGTON

IT WOULD BE
BAD TO SAY YOU
HAD NOT SEEN
DECLINING RESERVATION
AS WE HAVE APPROVED
IT.

Intended to be Proposed by Mr. DeCONCINI (for himself and Mr. Ford) to the Resolution of Ratification of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, done at Washington on September 7, 1977,

(as amended)

Strike out the period at the end of the resolution of ratification and insert in lieu thereof a comma and the following: "subject to the condition, to be included in the instrument of ratification of the Treaty to be exchanged with the Republic of Panama, that notwithstanding the provisions of Article V or any other provision of the Treaty, if the Canal is closed, or its operations are interfered with, the United States of America and the Republic of Panama shall each independently have the right to take such steps as it deems necessary, including the use of military force in Panama, to reopen the Canal or restore the operations of the Canal, as the case may be."

/Final Version/

- * HAVE VOTES TO WIN
- * FORMAL PROCESS NOT COMPLETE
- * FRIDAY → WARREN/HAM
- * SO CLOSE
- * RESERVATIONS WHILE
CONTAIN UNATTRACTIVE
LANGUAGE - DO NOT CHANGE
BASIC PRINCIPLES OF TREATY
- * FINALLY, AS PERSONAL
FAVOR, WAIT FOR VOTE AND
HAM + WARREN TO VISIT YOU

ownership
Perpetuity
Wait The treaty voted on
PL

On the Perpetuity point, the reservations do not change the Terms of the Treaty.

The Canal will be Transferred at 2000. After that,

the US's only interest is in the Regime of neutrality - a Canal that is secure and neutral, open and accessible.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM.*
SUBJECT: PANAMA

Senators Byrd, Helms and Allen just met. This will probably not be discussed on the floor, but the Senate will take its full recess.

Senators Byrd, Baker, Allen and Helms will meet on April 3 and try to reach a time agreement for the second treaty vote, but the vote can occur no later than April 26.

C

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

March 22, 1978

Q

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

The Agriculture conferees are meeting today at 3:30 p.m. The House conferees are uninstructed. Hopefully, they will agree to not do anything until after the Easter Recess. If they start to mark up a bill, I think it is necessary that you make a strong statement tomorrow.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

March 22, 1978

MEMORANDUM TO THE PRESIDENT

FROM:

FRANK MOORE

F.M./BR

The House - Senate conferees on the farm bill met this afternoon, took no action, and agreed to meet again on Monday, April 3.

Secretary Bergland appeared and, when pressed, said that USDA would announce administrative decisions next week.

THE WHITE HOUSE
WASHINGTON

3/22/78

Mr. President --

Rick said that Giscard
may be calling you today
about this.....also said
that he had notified
Brzezinski of possibility
of incoming call and
issue.

-- Susan

THE PRESIDENT HAS SET



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAR 22 1978

"FYI"

C
✓

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Department of Commerce Assistance --
Amoco Cadiz Oil Spill

On March 17 the Amoco Cadiz, an American-owned oil tanker operating under the Liberian flag, broke in half off the northwest coast of France. It carried 220,000 tons of light crude oil, much of which has spilled into the ocean and onto more than fifty miles of the French shoreline. The spill is the largest in history.

The Department of Commerce is providing scientific and technical assistance to the French government in connection with the spill, through the National Oceanic and Atmospheric Administration (NOAA). At the request of the French National Oceanographic Laboratory (CNEXO), located at Brest about twenty miles from the site of the spill, a team of five NOAA scientists has been on the site for two days. NOAA team members participated in airplane surveys of the extent of the spill yesterday. As promptly as weather permits, they will be working with French scientists to measure currents, monitor the motion of the oil on the water surface, sample the oil on the surface and in the water column, and take other measurements of oil on and along the beaches. These efforts are similar to those by NOAA teams in connection with the Argo Merchant spill off the coast of Massachusetts in 1976 and with other spills.

President d'Estaing may call you to request United States government assistance in connection with the spill. In addition to its current assistance, NOAA would be prepared to send additional marine biologists and petroleum chemists to assist in the French efforts.

A handwritten signature in cursive script, appearing to read "Juanita".
Juanita M. Kreps

3122478
HIRC. Chmn ZABLOCKI

ARMS SALES POLICY

1975 COMMITMENTS

MID EAST PEACE

ISRAEL + MODERATE ARMS

1978 → 1983 DELIVERIES

CONDUCTIVE TO PEACE

STRENGTHENS OUR TIES

BALANCED DECISION

CONG CONSIDER EACH SALE

PRES WITHDRAW PART

SA → FR F-1 MIRAGE F/Bom

F15 VS F16 - TABUK

7479 48% all FMS

43% all security assistance

97% all grant FMS

ERAs

JUDY, MIDGE BELLA
ROSALYNN - HOUSTON - GOOD

SPIRIT OF HOUSTON ALIVE

PLAN OF ACTION

PREGNANCY DISABILITY

SENATE → HOUSE

CHILD ABUSE 10/77

" PORNOGRAPHY 2/78

" CARE \$200 MIL CONT '79

WELFARE REFORM + \$60M

WOMEN'S EDUC EQUITY ACT

BELLA

EEOC REORGANIZATION

CIVIL SERVICE

CENSUS DATA

INTERDEPT AGENCY GROUP

WOMEN IN GOVT

ADVISORY COMMITTEE

1582

THE WHITE HOUSE
WASHINGTON

March 22, 1978

Stu Eizenstat:

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

ADMINISTRATIVELY CONFIDENTIAL

cc:The Vice President

Ham Jordan Jody Powell

Frank Moore Jim McIntyre

Charles Schultze

SOCIAL SECURITY

THE WHITE HOUSE
WASHINGTON



<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

include my note

ACTION	FYI	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input checked="" type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE
WASHINGTON

3/22/78

Mr. President:

Congressional Liaison:

"The COET/Social Security connection should not be discouraged as an option. We may have to make some concessions to get COET; in any event, action on COET will occur in the next few weeks and the possibility of the Social Security option should not be foreclosed at this time."

Rick

*I agree
J*

THE WHITE HOUSE

WASHINGTON

March 21, 1978

Stu
see note
J

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT
FRANK RAINES *Stu*

SUBJECT: Social Security

As you know, there have been strong expressions of concern from Democratic members of the House who believe that the 1977 social security financing bill is a major political issue in the elections this year.

Secretary Blumenthal, Charlie Schultze and Jim McIntyre have sent you a memorandum urging that the Administration renew its opposition to new social security tax legislation this year. Secretary Califano believes such legislation to be inevitable and suggests that we now begin to work to shape congressional opinion and the final legislation.

Background


The 1977 legislation had many good features. The bill decoupled the benefit formula, established a constant wage replacement ratio, improved benefits for those who worked, divorced persons and older persons who remarried, and ensured the financial integrity of the cash benefit system into the next century. The final bill raised more taxes over the first ten years than the Administration bill, the House bill or the Senate bill. When combined with the future tax increases provided for in the pre-1977 law, it was easy for the newspapers to portray the bill as a massive and burdensome tax increase.

News stories have focused on figures which indicate that the maximum taxes payable under social security will triple over the next ten years. Some members of Congress have indicated that the complaints they have received come from

low and moderate income people who believe their tax burden will increase substantially. In other words, people in all income ranges believe that they are hardest hit by the bill.

These views are mistaken on the facts. It is true that in dollar amounts the total taxes paid each year by the average worker (currently earning \$10,812) will double by 1987 and those paid by the worker earning the maximum taxable income (currently earning \$17,700) will triple. Most of the increase for the average worker is caused by the pre-1977 law and one-half of the increase for the maximum worker is caused by the prior law.

But even with the prior law effect included, the figures are misleading because they ignore the fact that earnings will also rise dramatically over the period. The real measure of burden should be the percentage of wages going to pay social security taxes. By this measure the burden on the average worker will increase from 6.05% of wages in 1978 to 7.15% in 1987 which amounts to an increase in burden of 20% rather than 100%. For the worker earning the maximum taxable wage, the percentages are the same. For the worker earning more than the maximum, say \$30,000, the burden of social security taxes will increase from about 3.5% in 1978 to 5.6% in 1987, which amounts to a 60% increase rather than 300%.



For most workers the burden of social security taxes will increase only slightly, although they have been led to believe it is much worse. For the highest paid workers, the increase will be more substantial, as a result of making the tax more progressive, but still substantially less than the public has been led to believe.

Our immediate problem is, of course, political and not factual. Members of Congress know their constituents are upset and want to respond. The diversity of proposals put forth thus far, ranging from quick-fixes to fundamental changes in the financing of the system, indicate that there is little agreement on the Hill on what the problem is and what the solution should be. A growing number of members do appear to be united in the belief that something must be done.

Arguments Against Action This Year

Secretary Blumenthal, Charlie Schultze and Jim McIntyre believe that we should continue to resist pressures to take the lead in seeking social security taxes this year.

They make several arguments including:

- Seeking a social security tax cut so soon after announcing our economic program would undermine that program and make the Administration look indecisive and weak.
- The short term impact of payroll tax increases is adequately compensated for by the proposed income tax cuts.
- The real problem relates to the tax increases in the 1980's and a quick fix bill this year will not solve those problems.
- There is no consensus in either House on the form of a social security tax cut and the effort may die from lack of agreement.
- A social security tax cut would not be anti-inflationary if limited to employees and could increase inflationary expectations if it resulted in a higher budget deficit.
- Linking a social security tax cut to the COET will not insure passage of the energy bill and, it would be a dubious reform to replace the payroll tax with a regressive, temporary excise tax as a means to finance social security.
- The chances of responsible legislation emerging this year are small, the outcome might hinder the chances for more inclusive reform next year, and we might contribute to establishing a precedent for cutting social security taxes each election year.

These advisers recommend that you clarify current confusion over the Administration position by stating clearly that you continue to believe new social security legislation this year to be unnecessary and inadvisable. They believe that we can intervene later if the pressure for action becomes irresistible.

Arguments in Favor of Action This Year

Secretary Califano believes that we should take the lead on this issue and work with Congress to obtain an acceptable payroll tax cut this year.

He makes several arguments including:

- The Speaker, Chairman Long and Chairman Ullman are coming to the view that some type of cut in social security taxes is inevitable this year.
- While it is true that there is no agreement on the solution there is a general movement toward using general revenues to finance Disability or Hospital Insurance (Medicare).
- Congress is likely to act at the expense of the tax reform program.
- Congress is moving toward the Administration's original proposal to tax the employer on the entire payroll and introduce a counter-cyclical use of general revenues.
- It will not be possible to have the necessary information together before late in 1979 to develop a wide-ranging reform program for social security.
- A failure to attempt to reach an agreement with the Congress at this time may be seen as a failure of the leadership by the Administration.

Secretary Califano recommends that he and Secretary Blumenthal go to the Hill to attempt to reach an agreement with the leadership on whether action is necessary this year and what form it should take. Otherwise, he believes, we will lose any influence on the Congress on this issue.

Recommendation

Secretary Califano is undoubtedly correct that there is a strong likelihood that Congress will pass legislation to cut social security taxes this year. However, it is by no means certain if we tried to shape the result that we could keep the final bill within reasonable bounds -- although we would have a greater opportunity than if we do nothing.

On the merits there does not seem to be much reason to seek a cut in social security taxes this year. The increases in this and the next several years are relatively small. As our earlier analysis indicated, the tax increases over the next ten years do not greatly burden most payroll taxpayers. The tax increases on the higher paid workers are a natural result of making the tax more progressive and replacing the payroll tax with general revenues would actually hit them

- 5 -

harder (the income tax is more progressive and employers pay a smaller share). We should look forward to a more inclusive reform next year which deals with the question of general revenues, equity for women, coverage of state, local and federal employees and other issues.

But a refusal to take the lead in seeking action this year will be seen as politically insensitive and naive by some members of Congress, particularly since they see us rejecting our own prior proposals. The Speaker has already requested that we develop a proposal. I therefore think we need to adopt Califano's suggestion and consult with Congress -- but with no commitment at this time.

We are still uncertain as to the likelihood of House and Senate action. More consultation with Senate and House leaders would give us a better idea of the realities than we have now. Frank Moore and I met with Irv Sprague of the Speaker's office and concluded you should meet with the leadership this week on this issue, with Califano and Blumenthal present. You would then be in a position to make an informed decision soon after the recess.

If we must eventually act, I believe (as do most of your other advisers) that the option of making the C.O.E.T. rebate a social security rebate would be the best option. It gives Members an incentive to support C.O.E.T.; Ullman strongly favors it; and it would not throw a monkey-wrench into our tax program, as would other options. If Congress refused to vote for C.O.E.T. we could legitimately contend that we had given Congress a chance on social security and be in a better position to oppose other options.

Decision

- _____ Support a social security tax cut this year;
- _____ Designate Secretary Califano and Secretary Blumenthal, Frank and Stu to meet with Hill leaders to determine their views (HEW, Frank Moore and DPS recommend)
- ✓ _____ Oppose a social security tax cut this year and mount effort to make the case to the public (Treasury, CEA and OMB recommend)

Stu. Prepare letter ^{from me} to key Congress leaders using simple data from your memo (). Then Mike, Joe & you can meet with them*
JC

Payroll Tax Relief
Proposals

PAYROLL TAX RELIEF PROPOSALS

We have not yet developed specific payroll tax relief proposals. However, you should be aware of the approaches possible and of the constraints within which particular proposals must be developed.

The available options are limited by the following constraints:

-- The FY 79 Budget Deficit:

A reduction in scheduled payroll taxes will increase the size of the FY 79 budget deficit. If we make a proposal to reduce payroll taxes, we must either:

- ° By our own action, increase the size of the deficit, or
- ° Make offsetting adjustments elsewhere in the budget, probably in the form of either a scaling back of our January tax reduction proposals or a retargeting of the proposed COET rebates.

-- Social Security Reserve Levels are already at the Minimum:

Projected 1979 and 1980 social security reserves already approach the minimum level considered safe. If payroll tax income to the social security trust funds is reduced by more than about \$1.0 billion a year, an infusion of general revenues will be required in order to preserve adequate reserve levels.

-- The Total Cost of Payroll Tax Relief Escalates Rapidly After 1980:

Returning to the tax schedule contained in the prior law would cost \$3.2 billion in FY 79 and \$6.6 billion in calendar 1979. The cost rises to \$9.8 billion in calendar 1980 and to \$19.4 billion in calendar 1981.

- ° Most proposals which avoid major, longer-run commitments to general revenue financing of a portion of social security are "quick-fix" proposals which address the problem only through the end of 1980. They require the development and adoption of a longer-run solution during 1979 or 1980.
- ° Proposals which involve more permanent general revenue commitments can look relatively modest in the first two years while at the same time requiring annual appropriations of \$20 to \$25 billion in general revenues by the mid-1980's.

There are essentially two broad approaches to the problem.

1. Leave the currently scheduled social security tax increases in place and offset them through a retargeting of income tax relief.

Retargeting could be achieved either through a restructuring of the rate schedule or the addition of an explicit payroll tax credit.

Our suggesting this requires our modifying the tax reform proposal only a few weeks after submitting it. However, if we oppose payroll tax relief this year and the Congress moves on its own, this is one approach they are likely to consider.

This approach has the advantage of avoiding the question of how the social security trust funds are to be compensated for a reduction in payroll tax income. It has the disadvantage of allowing the large increases in the social security earnings base now scheduled for the 1979-81 period to go into effect. If allowed to become effective, they will make the payroll tax more progressive, but also produce increases in the benefits to be paid high paid workers retiring in the future. These are benefit increases that the workers may not particularly want to "purchase" and that we do not particularly care to finance.

2. Roll-back the scheduled payroll tax increases, concentrating on the rate increases, the base increases, or both, and compensating the trust funds with revenues from other sources.

Variations on this basic theme involve variations in the alternative source of social security revenues and in the size of and rationale for future general revenue payments into social security.

a. The Crude Oil Equalization Tax

One proposal is to retarget COET proceeds into financing social security payroll tax reductions. Total COET revenues are almost large enough to allow returning to the prior law social security tax schedule through the end of 1981. If COET revenues are to be the only revenues used to offset social security taxes, there will be little or no room for other uses of the COET revenues.

This approach has the advantage of providing some additional incentive for Congressional enactment of the COET. It also allows payroll tax relief without increasing the FY 79 deficit or proposing substantial modifications in the tax reform package.

One disadvantage is that by introducing the energy question, we greatly complicate the debate over social security taxes. Another disadvantage is that, if we propose this approach and the COET is still defeated, we will have acknowledged that there is a payroll tax problem and may find it harder to oppose other options. It is hard to predict the reaction of traditional social security watchers or those opposed to general revenue financing of social security to this kind of proposal.

b. General revenue financing for all or a portion of the Hospital Insurance (HI) portion of Medicare

The use of general revenues to finance up to one-half of the HI program is one which has wide bipartisan support in Congress and is one we seriously considered last year. It's attraction is that, unlike cash benefits, medicare benefits are not wage related. It does involve a longer-range commitment of \$20 to \$25 billion annually by the mid-1980's, though.

One disadvantage of this approach is that it is opposed by two key legislators in the hospital financing area, Senator Talmadge and Representative Rostenkowski.

c. The countercyclical general revenue proposal we made last year

We now estimate that this proposal would provide a one-time, \$13.7 billion payment to the trust funds.

The approach has the advantage of relying on a feature of our original 1977 proposal. In addition, the use of this particular rationale for a temporary infusion of general revenues does not foreclose any options for dealing with the problem on a longer-term basis.

The \$13.7 billion will not buy significant payroll tax relief through 1981, however, unless payroll tax reductions are targeted almost exclusively on higher wage employees, which again would mean unbalancing the base increase between employers and employees. The revenues it provides are \$2.7 billion less than the cost of returning to the old law tax schedule only for 1979 and 1980.

Common to most approaches discussed in the Congress or within the Administration is a vagueness about how payroll tax relief will be allocated between rate reductions and base reductions. This results directly from our inability to define whether the problem is the scheduled base increases - which raise significantly the taxes paid by the highest earning 15 percent of the workers - or the scheduled rate increases - which affect everybody but by a far smaller amount.



THE SECRETARY OF THE TREASURY

WASHINGTON

March 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: W. Michael Blumenthal *WMB*
Charles L. Schultze *CLS*
James McIntyre *JM*

SUBJECT: Social Security action this year

The Administration has resisted Congressional pressures to cut Social Security taxes this year. We recommend that you firmly maintain this posture. The split among your advisors on this issue is causing great confusion on the Hill and in the press. We urge you to clarify matters by reiterating your conviction that Social Security action this year is unnecessary and inadvisable.

The three arguments most often made for our changing course at this point do not withstand scrutiny:

1. "Linking a Social Security tax cut to COET will secure passage of the Energy Bill."

It is very unlikely that Congress would accept this linkage. As the Administration's position on the Social Security issue has grown fuzzy in recent days, Chairman Ullman has come to favor the linkage proposal. However, the Ways and Means Committee liberals who are pushing for Social Security action (such as Congressman Mikva) strongly oppose the linkage idea, chiefly because it amounts to financing Social Security with what is regarded as a regressive excise tax. Chairman Long is also very cool to the idea. Our proposing the linkage would signal our willingness to act on Social Security--and would very likely result in Congress shelving COET but moving forward on Social Security. A linkage proposal would also be very questionable on the merits: Social Security benefits should not be financed through a narrow, temporary and inappropriate revenue base.

2. "A Social Security tax cut would be anti-inflationary."

This would be the case only to the extent that employer payroll taxes were cut. The political pressure on the Hill is to cut employee payroll taxes, which would have no anti-

inflationary effects. Furthermore, a payroll tax cut would likely result in an enlarged budget deficit, which would increase inflationary expectations.

3. "Social Security tax cut is inevitable this year, and we should take control of the process with our own Social Security proposal."

Social Security action this year is far from inevitable. For a number of reasons, it would be both politically and substantively imprudent to endorse a Social Security tax cut at this point. The Congressional situation is extremely fluid. We should not be misled and panicked by the generalized Hill pressure to "do something." Though the Speaker believes the House will act on Social Security, Chairman Long opposes such action and believes the Senate will block it. The four relevant committee chairmen - Long, Ullman, Giamo, and Muskie - are loyally resisting any substitution of Social Security tax cuts for your January tax program. Most importantly, there is no consensus in either House on what should be done about Social Security. A consensus may never emerge, even if we endorse a proposal of our own. There are sharp disagreements about the proper size and composition of a Social Security tax cut and about what sort of general revenue financing mechanism would be appropriate for the trust funds. These are very complex and highly controversial issues.

Launching our own proposal would not give us "control" of the situation. Quite the reverse: We would forfeit control of our whole economic program. On Social Security itself, we would merely be inviting a sprawling debate on issues that sharply divide the leadership and the Democratic membership. On a broader front, we would be adding to the many Congressional pressures now conspiring to enlarge the net tax cut in your January program (and thus the FY 1979 deficit); these pressures include strong opposition to revenue-raising reforms and enthusiasm for a costly tuition tax credit and for deeper income tax cuts for the "middle class." By endorsing new Social Security tax cuts, we would validate pressures to bust your budget, to jettison the tax reforms, and to move a major debate on Social Security to the front of the legislative agenda. The results would be wholly unpredictable and beyond our influence. Our only hope of containing these pressures is to remain firmly behind our January program, which is the only fixed point of reference on the Hill.

The Hill and the country would view a change of course as a dramatic sign of indecision and weakness. We launched our economic program less than two months ago as a compre-

hensive plan for 1978 and 1979. To begin tinkering with it at the first sign of unfocused Congressional discontent would undermine respect for our leadership and competence in economic policy.

No responsible Social Security legislation can emerge from this short, crowded, election-dominated session. Congress is casting about for a "quick fix" payroll tax cut for 1979 and 1980, accompanied by some temporary, ad hoc arrangement for putting general revenues into the trust funds. We should not be an instigating party to this effort:

- . The results will inevitably be criticized as a politically inspired intrusion upon the fiscal integrity of the Social Security system.
- . We would be effectively endorsing the dangerous precedent of cutting Social Security taxes every election year.
- . We would likely compromise our hopes of securing a sensible long term reform of the system in the 1979-80 legislative session. For instance, we would have endorsed general revenue financing without any long term plans for enlarging the coverage of the system or for containing the enormous benefit costs of the system.

The real Social Security problem relates to payroll increases in 1980 and beyond. A quick fix bill this year won't solve those problems. Acting this year won't save us from having to come back with new legislation in 1979. We should save our prestige and resources for a properly prepared reform at that time.

There is no need to cut Social Security taxes at this point. Our January tax program adequately offsets the fiscal drag of the 1979 payroll tax increases. The offset is 100 percent or more for 70 percent of American families. The other 30 percent (with incomes over \$20-30,000) will benefit from inevitable Congressional adjustments in the distribution of our income tax cuts.

If the Congressional pressure does eventually prove irresistible, which is far from certain, a firm stance now will not preclude us from intervening later in the session, in tandem with the leadership, to mold and accept a limited payroll tax cut. At that time, the realistic choices will

be far clearer; so also will be our ability to condition our change of course on Congressional agreement to other elements of our economic program. If we change course now, we lose this bargaining leverage.

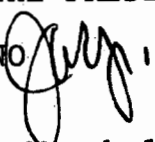
In sum, we urge that you take a very early opportunity to reaffirm your opposition to Social Security action this year.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

March 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM JOE CALIFANO 

I think the March 18th memo from Messrs. Blumenthal, Schultze, and McIntyre is politically and substantively unsound.

First, the Speaker, Chairman Ullman and Chairman Giamo have all asked me to try to put together some sensible short-term tax relief from the social security payroll tax. Russell Long has asked me to provide him with the "welfare" or "non-insurance" aspects of the system; he has put an additional \$5 - \$10 billion in tax relief in Finance Committee recommendations to the Budget Committee, to give him the option of moving on social security. Muskie still opposes doing anything, but he believes we should prepare our option and have it ready.

Thus, your troops on the hill, if not in outright retreat, are hardly in full battle dress for holding the Social Security line.

It is true that Democrats (and Republicans) have different views of how to provide relief. Ullman prefers to dedicate COET taxes to relieve social security taxes; Mikva, Nelson and the liberals on the whole prefer to provide general revenue financing for DI and/or HI and/or a portion of one or the other.

Most recently, the Joint Economic Committee has recommended that, in lieu of your tax relief, DI and HI be financed out of general revenues.

The Schultze-Blumenthal-McIntyre memo sets up two alternatives -- go or no go -- and demands an immediate decision. I do not think you should accept being hoist on the horns of that dilemma at this time.

My recommendation is that you authorize us (Blumenthal and me) to explore the possibilities of an agreement between you and the leadership (including the committee chairman) as to whether relief from social security taxes should be sought this year, and if so what that relief should be.

I recommend this because:

1. Your initial social security recommendations contemplated counter-cyclical general revenue financing and a higher employer than employee payroll tax. Congress is moving closer to your recommendation every day.
2. This is an issue on which prudent Presidential leadership can be effective and result in a political plus for you and for the country.
3. If you do not take the lead, Congress is almost certain to act at the expense of your tax reform legislation.
4. If you do not at least explore the situation, the key actors on the hill will take the position that you have rejected their overtures and therefore you do not have any claims (short of veto) on an influential voice in their eventual action.
5. From the viewpoint of your own tax bill, if you do try to put together something on social security that is as consistent with your tax package as possible, you may lose a significant portion of your tax bill as the Congress proceeds on its own.
6. It makes economic sense if done properly. In his testimony before the Senate Budget Committee, and in his draft memo to you, Barry Bosworth, head of the Council on Wage and Price Stability, recommended some easing of the social security taxes.

If your tax bill is enacted and social security taxes stay as they are, every family of four in this country making from \$10,000 up will pay net additional taxes in 1979, peaking at about \$260 for families making \$25,000 and above.

The long run adjustments that have to be made to the Social Security system cannot, contrary to the Blumenthal-Schultze-McIntyre memo, be achieved in 1979-1980:

- There is no way I can hold the kinds of hearings and develop the economic data the Congress wants as part of the Congressional-mandated study to integrate Federal, State and local employees and non-profit employees in the social security system until the end of 1979 at the earliest. Such changes are not appropriate legislation in a Presidential election year.
- The changes the women want regarding gender-based distinctions in social security may be expensive and should also be dealt with after the Presidential election.

We do hope to deal with disability next year.

If we are unable to put something together that is satisfactory to you with the leadership, then there will be no agreement (and we can try to hold fast). But your failure even to try could be regarded as a failure of Presidential leadership on an issue that is presently more important to the Members of the House than any other issue of which I am aware.

ID 781496

T H E W H I T E H O U S E

WASHINGTON

DATE: 20 MAR 78

FOR ACTION: STU EIZENSTAT

JACK WATSON

attended
FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

JODY POWELL

SUBJECT: BLUMENTHAL/SCHULTZE/MCINTYRE MEMO RE SOCIAL SECURITY

ACTION THIS YEAR

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 0500 PM MONDAY 20 MAR 78 +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND REQUESTED

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

Note: Call name the man on the subject

*7/1/71
K. R. [unclear]*

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND

to Pres today

ACTION	FYI	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	MONDALE
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	McINTYRE
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SCHULTZE

<input checked="" type="checkbox"/>	ENROLLED BILL
<input checked="" type="checkbox"/>	AGENCY REPORT
<input checked="" type="checkbox"/>	CAB DECISION
<input checked="" type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

3/18/78

to: Mr. Rick Hutcheson
Staff Secretary

Department
of the Treasury


Office
of the Secretary

Rick -

Blumenthal, Schultze, and McIntyre hope this memo can get to the President very expeditiously. We need a resolution early in the week. I've sent a copy to Stu, who is I believe putting a package together, including HEW's views.

*1 today - nothing
still waiting
from Casano*

Thanks



Curt A. Hessler
Executive Assistant
to the Secretary

room 3407
phone 566-5901

WASHINGTON

DATE: 20 MAR 78

FOR ACTION: STU EIZENSTAT

JACK WATSON

FRANK MOORE (LES FRANCIS)

XC: CABLE —
TATE (RF) —
FM —

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

JODY POWELL

SUBJECT: BLUMENTHAL/SCHULTZE/MCINTYRE MEMO RE SOCIAL SECURITY
ACTION THIS YEAR

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 0500 PM MONDAY 20 MAR 78 +
+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND REQUESTED

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Cong. Liaison:

The COET/Social Security connection should not be discouraged as an option. We may have to make some concessions to get COET; in any event, action on COET will occur in the next few weeks and the possibility of the Social Security option should not be foreclosed at this time. (DT)

PERSONAL

THE WHITE HOUSE

WASHINGTON

March 22, 1978
9:15 a.m.

C
/

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

SUBJECT: TELEPHONE CONVERSATION WITH SEN. JAVITS

Sen. Jacob Javits (D-NY) just called. He said that he had a very revealing breakfast with Begin this morning. He said that when he met with you in the Red Room that you said you wished you could just put he, Stone, Ribicoff, et al, on a plane and send them to Israel.

Javits says he is prepared to tell Begin what he ought to say before he leaves this country; and he is prepared to go to Israel next week with whomever else you want to go and tell the rest of the government over there what they need to do to get the two parties back together and not let this chance for peace slip between their fingers because of Begin's attitude.

cc: Dr. Zbigniew Brzezinski

1578

THE WHITE HOUSE
WASHINGTON

March 22, 1978

The Vice President
Midge Costanza Frank Moore
Stu Eizenstat Jody Powell
Ham Jordan Jack Watson
Bob Lipshutz Hugh Carter
The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

~~SECRET~~

EYES ONLY

cc: Mac Intyre

Major Departmental Activities

Mar 11-17

eyes only
secret

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
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	ARAGON
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	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

"FYI"

cc
M - Int'l
J

MARCH 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *for*

SUBJECT: Major Departmental Activities, March 11-17

Over 400 non-union coal mines open after Taft-Hartley temporary restraining order. Reports from mine inspectors indicate that about 20 percent of the non-union coal mines which were closed last week have opened by Wednesday. However, only a handful of UMW mines have opened in response to Taft-Hartley. The mine inspectors are informally canvassing UMW members to gauge their vote on the new coal contract. We should have some sense of how the vote will go by the middle of next week.

House oversight hearings on Teamsters' investigation set for next Wednesday. Hearings by Rep. Sam Gibbons' Ways and Means Subcommittee may also focus on Labor Department participation in the Justice Department's organized crime strike forces. The issue revolves around the number of Labor Department personnel assigned to the strike forces. Because of questions about the success of the strike forces and competing program priorities that actually support strike force efforts, I scaled back our participation from 40 to 15 people. The Criminal Division of Justice does not agree with this approach. I will be meeting with Ben Civiletti on Monday to discuss this problem with him.

Department of Education. I understand that you will be receiving a final options memo on the programs to be included in the new Department of Education within a few weeks. One option would transfer many of our job training and youth programs to the new Department. To date, we have not been fully consulted on this possible transfer. I am very concerned that this option does not recognize the close relationship between our training and employment programs. Both types of programs are designed to match workers and jobs. Artificially separating training from employment will undermine our whole range of labor market programs. It should be remembered that lack of education is only one factor which produces unemployment.

The analysis of your welfare reform proposal indicates just how difficult it would be to transfer the training programs to a new department. The welfare reform program would provide a mix of training and jobs to parents who themselves might range in age from as young as 16 or 17 to well into their 50's.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

9
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March 17, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

STRIKE. The first of three scheduled meetings with Strike representatives was completed without incident.

HIGHER FARM PRICES. February Wholesale Price Index for farm products increased by 2.8% on a seasonally adjusted basis from January, the eighth consecutive month-to-month increase in unadjusted wholesale prices of farm products.

HOUSE LINKS PARITY TO LABOR BILL. House voted to amend Humphrey-Hawkins Full Employment Bill with provision placing 100% parity for farm income as goal by 1983; measure does not guarantee parity but makes it an equal goal to 4% U.S. unemployment rate of 1983.

BRAZILIAN CORN & SOYBEAN CROPS. Brazilian corn situation continues to deteriorate due to drought. Current estimate at 16 million tons, 1.5 million tons less than previous estimate and 2.8 million tons less than last year.

Revised estimates of 1978 soybean crop project 10.5-11 million tons, down from earlier forecast of 11.5 million tons.

CHINA'S GRAIN CROP. USDA field dispatch from Hong Kong reports total 1977 PRC grain crop estimates at 278.0 million tons, down from 285.0 million in 1976.

WHEAT RESERVE BILL. International Emergency Wheat Reserve Bill has been delivered to Congressional leaders.

A large, stylized handwritten signature in black ink, appearing to read "Bob Bergland".

BOB BERGLAND

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON
20506

5/

March 17, 1978

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

Subject: Weekly Summary

The override on the fastener case carried by seven to six votes in Vanik's Subcommittee and I am hopeful that we will get a chance before the full committee. It is possible, now that 30 legislative days have elapsed, that the matter could be called straight to the Floor without full Committee action, but this would involve a challenge to Al Ullman that most Congressmen would shy away from. Therefore, there will probably be full Committee action. I think the chances are reasonably good that we can prevail at the full Committee level. But whether we prevail or not, it will go before the full House for a very tricky vote. You may be assured we will follow it carefully, work with Frank and others, and keep you advised.

Alan Wolff, together with Dale Hathaway of USDA, is going to Geneva to meet with the Europeans on the agricultural aspects of the MTN. Alan will then go on to Brussels where we are going to engage in our first preliminary discussion of a possible steel agreement. I am not optimistic that anything useful will result but it would be very popular with both industry and labor and conceivably be substantively worthwhile as well.

I devoted more time than I should have to the Japanese Buying Mission this past week, but I think it was useful and it was well handled by the Commerce Department.

Next week we will have another import relief case for your decision. This one is on Citizens Band Radios. I will hold a Cabinet-level Trade Policy Committee meeting on this on Tuesday, March 21st.

There are a number of political items relating to your next few months with the Congress that I am anxious to talk about with you upon your return, and hopefully, immediately after the Begin visit.

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg. re: UN activity	3/17/78	A
Memo	Hamilton Jordan to Pres. Carter, 9 pp. re: FTC	3/22/78	C
Memo	M. Costanza to Pres. Carter, 35 pp. re: IWY commissioners Social Security numbers	3/22/78	C
Memo	Hamilton Jordan to Pres. Carter, 7 pp. re: Federal Home Loan Bank	3/22/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 3/22/78 [2] Box 77

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 18, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS by LSY*

Subject: CEA Weekly Report

Humphrey-Hawkins. The Humphrey-Hawkins bill, laden with amendments, passed the House on Thursday. My staff currently is assessing the amendments tacked on to the bill before passage. There appear to be at least a few that are extremely troublesome. On Tuesday, I met with Speaker O'Neill and his principal associates in the House to convey to them the Administration's strong objections to the amendments that I mentioned to you last week. However, none were removed from the bill in subsequent House action. We will work to see that they do not resurface in the Senate and that they are eliminated in conference. One note of cheer: The portion of Title III of the bill that would have established a separate joint resolution on economic goals was eliminated from the bill in floor action. In its place was substituted a provision calling for a JEC report to both houses on the Economic Report of the President, and enabling the members of the JEC in each house to propose amendments to the budget resolution that would bring it into conformity with the JEC's report. This provision would, to my mind, be totally acceptable to the Administration. (It was a Republican amendment that made the change, so we should say as little as possible about this publicly.)

Inflation. You will be receiving on Monday or Tuesday a draft statement for you on inflation and a decision memo on its specific components. We have met with the Secretaries of Interior and Agriculture, and with representatives of the Civil Service Commission, on the various proposals that affect their agencies. Secretaries Bergland and Andrus have agreed to a specific directive on increasing timber sales from public lands. Jim McIntyre and I have met with Jules Sugarman (in Scotty Campbell's absence) and worked out suggested language on Federal pay. Once you

have made a decision, McIntyre and Campbell will meet with the Federal Pay Council, before the Thursday announcement. It will cause trouble on the Civil Service reform front, but McIntyre thinks this can be minimized.

Regulatory Analysis. The Regulatory Analysis Program -- reviewing the economic impact of proposed major regulations -- is underway and will be fully in place upon your signing of the regulatory process Executive Order. Closer identification of this program with you would provide clearcut evidence to the public of your interest in regulatory reform and the development of more cost-effective regulations. Therefore, I suggest that in your anti-inflation statement next Thursday, you note (a) that the Regulatory Analysis Program is underway, and (b) that you have taken a personal interest in the outcome of each review and have asked the Chairman of the CEA to brief you on the progress and results of each analysis undertaken by the Regulatory Analysis Review Group. (There should be about 15 major regulations reviewed each year under this program.)

Farm Legislation. I continue to prefer minimal administrative relief as part of a strategy that clearly signals to the Congress your intention to veto any new budget-busting or price-raising legislation that is enacted. Moreover, there is substantial risk that -- unless the Administration takes a strong veto stand -- Congress will enact at least the Talmadge bill, and possibly a considerably larger package. That would constitute a major threat to holding the budget within the general parameters of your January recommendations. As I indicated in a memo earlier this week, if you must act, I recommend the additional reserve acquisitions because this can be billed as an action to protect us against future inflationary shocks. Thus, the damage from any farm program decision can be minimized.

Acting Chairman. I will be on vacation next week, to return on March 28. In my absence, Lyle Gramley will serve as Acting Chairman.

Community WASHINGTON, D.C. 20506
Services Administration



2

MEMORANDUM TO THE PRESIDENT

March 20, 1978

Attention: Rick Hutcheson, Staff Secretary

FROM: Grace Olivarez
Director

yo

SUBJECT: Weekly Report of Significant Agency Activities
(March 11 - 17)

Rehabilitation of Historical Site in East Boston

As part of a comprehensive neighborhood revitalization program, the East Boston Community Development Corporation (CDC), a CSA-funded grantee, in cooperation with private developers, has concluded negotiations with the Massachusetts Housing Finance Agency for the rehabilitation of the Woodbury Building, oldest standing commercial structure in East Boston. When completed, the structure will provide 17 subsidized modern housing units for low-income residents, as well as commercial space at street level to encourage the settlement of private businesses in this depressed area.

National Demonstration Water Project (NDWP)

A specially appointed CSA team has reached agreement with the officials of the National Demonstration Water Project (NDWP) on an eight month refunding grant for \$1.5 million dollars. This renewal grant will provide additional development and modernization of rural water and sewer projects for the benefit of rural low-income families on a national level.

Development of Urban Initiative to Assist Communities in Crime Alleviation.

In response to a White House request, CSA in cooperation with the Departments of Housing and Urban Development, the Law Enforcement Assistance Agency and ACTION has submitted a program for developing a community coordinated approach to the alleviation of crime and encouragement of the local community towards involvement with ex-offenders in their rehabilitation efforts, as well as providing assistance to victims of crime.

CSA Reauthorization Bill (H.R. 7577/S.2090)

Final hearings on Senate Bill 2090 were held on March 13 and 14 before the Senate Human Resources Committee Subcommittee on Employment, Poverty and Migratory Labor. It is anticipated that the Senate will mark up the bill in mid-April.



March 17, 1978

"FYI" C

REPORT TO THE PRESIDENT

After your Monday meeting with the Japan Import Promotion Mission, Mr. Yoshizo Ikeda publicly announced that Japan will purchase approximately \$1.94 billion in U.S. goods over the next six months as a direct result of the Mission. Following up on the success of this effort, we are planning a major U.S. export promotion mission to Japan in the Fall. All concerned were most appreciative that you were able to meet with the Mission's leaders.

The Department has completed testimony on the special steel loan program before both House and Senate Appropriations Committees. The program provides for the use of \$100 million from revolving funds to guarantee up to \$550 million in industry loans. The only serious objection came from Senator Weicker. We will be publishing final guidelines and program implementation procedures within the next two weeks.

A temporary but total prohibition on the taking of cod and haddock off New England was announced this week by the Department under the authority of the Fishery Conservation and Management Act of 1976. The prohibition is for the last 12 days of March and is required because the 1978 first quarter quotas for cod and haddock have been seriously exceeded. We have conducted extensive briefings to commercial fishing interests in the area to inform them of the basis for this prohibition and its importance to the rebuilding of depleted cod and haddock stocks. We are working to improve quota procedures so that total closures can be avoided in the future.

We are pleased with Parren Mitchell's compliments of Secretary Kreps made during joint subcommittee hearings of the House Committee on Public Works and Transportation. Congressman Mitchell attributed the successes and achievements of the minority set-asides in the Local Public Works Program to the Secretary's demonstratable commitments in this area.


Sidney Hayman
Acting Secretary



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

March 17, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Drug Law Revision. The proposal put together with the help of OMB and DPS, and in close conjunction with the key Congressional Committees, is an excellent example of intergovernmental cooperation. I fully understand the reasons that an announcement could not be made at the White House, but I do hope that, at some appropriate time, we can count on your public support.
- Desegregation of Higher Education in Virginia. We have achieved a substantial breakthrough with Virginia. The Governor, the Attorney General and the Presidents of the relevant institutions have agreed on a plan that is acceptable to us. The Governor will be working closely with the State Boards of Visitors to achieve their acceptance of the plan. A decision from the Board will take at least several weeks. Governor Dalton and I announced the tentative agreement this afternoon.
- Welfare Reform. I had breakfast yesterday with Al Ullman, following our meeting last week. He has agreed to make his top staff available to work with Jim Corman and with the Administration. Pat Moynihan has, as we discussed, now scheduled six days of hearings next month to consider all welfare reform proposals that have been introduced in either House.
- Aging Programs. On March 20, I will testify before the Select Education Subcommittee of the House Committee on Education and Labor on reauthorization of the Older Americans Act.

As we have discussed with OMB, I will propose that we work with Congress to develop a comprehensive set of proposals to be introduced after the new Congress convenes in January. For the interim, I will propose extension of the Act for two years, with some modest

changes to strengthen programs already in place and lay the groundwork for future initiatives. We will, however, be under Congressional and interest group pressure to come up with a large program this year, but there are a number of key issues -- with substantial fiscal implications -- that require much more extensive analysis.

- Middle-Income Student Aid Legislation. The Middle Income Student Assistance Act will be taken up by the House on Monday under suspension of the rules, a procedure that requires a two-thirds vote for passage but that does not permit amendments. The bill, a modified version of our proposal, will come to the floor under suspension because of the danger that under normal procedures, the bill might be amended by a tuition tax credit proposal. If we fail to get a two-thirds vote, the bill will come to the House floor under normal procedures.


Joseph A. Califano, Jr.



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

F.Y.I.

March 17, 1978

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. DOLLAR

The dollar depreciated and continues under selling pressure, despite the coal settlement. The U.S.-German announcement of Monday morning failed to quiet the markets -- in part, but only in part, because weekend rumors had created excessive expectations about the announcement. The more basic reason is that the package was narrowly directed toward intervention on the exchange markets. This did not go unnoticed. The markets continue to look for fundamental action by us addressed to our inflation and oil import problems. I fear that selling pressures will continue to mount until such action is taken.

As you know, I chaired a PRC meeting on the dollar Thursday. There was unanimous agreement that we face a genuine risk of an international financial crisis. This would mean a sudden flight of capital from dollar assets and would certainly involve price increases or nondollar pricing by OPEC countries. This could wreck the domestic recovery and damage our foreign policy on all fronts.

The U.S. intervened on Monday and Tuesday, selling about \$370 million of DM drawn under the earlier arrangements with the Bundesbank. During the week, the yen appreciated to new highs, despite new Japanese measures to limit inflows; the Swiss franc appreciated, in part reflecting the Mid-East hostilities; and the French franc appreciated following last Sunday's elections.

2. ANTI-INFLATION

Following up our meeting with you on Thursday afternoon, the EPG is working hard to construct the possible elements of a strong program to meet the fundamentals of the dollar crisis, for your announcement next week. The program would include the anti-inflation measures we discussed with you, a call for immediate action on limiting oil imports, and a series of steps to promote our exports. I am pressing the EPG to include in

Jay 5/2/90

the package firm commitments on holding our budget deficit marks for FY 1978 and FY 1979. Without such commitments, our efforts to stem inflation and stabilize the dollar will fail for lack of credibility. The Congressional leadership and the Budget Committees have been urging that we make a precise and unmistakable statement of intent on budget discipline. The domestic and international financial markets also very badly need this assurance from us.

3. INTERNATIONAL FINANCIAL INSTITUTIONS

The House Appropriations Foreign Operations Subcommittee has reported to the Budget Committee that our requested appropriations for the IFI's will probably be cut back by some amount. We have expected this problem. The Vice President, Bob McNamara, and I have been meeting to devise a strategy to win full IFI appropriations and to turn aside restrictive amendments. No doubt we will need your help on this.

4. NEW YORK CITY


We expect the House Banking subcommittee to support our proposed New York City legislation; mark-up is scheduled tentatively for the week of April 5, with full Committee mark-up the following week. The subcommittee version may in fact be more favorable to the City than ours is, but the full House will be more conservative. We will have a major struggle in the Senate. I am spending a good deal of time briefing the key Senators on our program and on the City's needs. The City's labor contracts begin to expire March 31, and Mayor Koch is engaged in difficult negotiations for new contracts. The City cannot afford any major wage increase; but a strike, which is possible, would complicate prospects for our legislation.

5. TRIGGER PRICES

A suit has been filed seeking a preliminary injunction against Treasury's steel trigger price system, insofar as it relates to wire rods. We and Justice are vigorously opposing the suit, but it is possible that the District Court for the District of Columbia will issue a preliminary injunction next week. An adverse decision could affect the validity of the entire trigger price system.

6. CALLAGHAN VISIT; TAX TREATY

I will be sending you a background memorandum for Prime Minister Callaghan's visit. He will, by the way, be pleased to learn that the Senate Foreign Relations Committee this week approved the U.S.-U.K. tax treaty by a 10 to 5 vote. We have been working hard for this. A controversial provision restricting a state's use of the unitary method of taxing British subsidiaries was opposed by Committee liberals (Church, Clark, Sarbanes, Sparkman, and Humphrey), who will probably fight the issue again on the floor.


W. Michael Blumenthal

CLASSIFIED BY W. Michael Blumenthal
SUBJECT TO GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
AUTOMATICALLY DOWNGRADED AT TWO
YEAR INTERVALS AND DECLASSIFIED
ON DEC. 31, 1984.



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

March 17, 1978

C

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues Pending at the Department
of Transportation

Brock Adams

International Aviation Negotiations - On March 14, the United States concluded an extremely liberal agreement with the Netherlands implementing your policy of low fare service and country of origin charter rules. This morning we concluded negotiations with the United Kingdom and have reached an agreement which permits our scheduled carriers, including Braniff, to fly at reduced fares as we had requested. After considerable difficulty, we reached a liberal charter agreement which will significantly reduce the present burdensome restrictions on our charter operators. I was required to discuss this with Senator Cannon and House Chairman Bizz Johnson again at the last moment because they were very upset with the position our negotiators were taking on part charters. I was able to finally resolve this, and I was very pleased that you could announce the agreement this week before the Braniff matter required further action on your part.

New Fuel Economy Standards - As part of DOT's continuing efforts to reach your goal of reducing gasoline consumption by 12 billion gallons by 1985, on March 15 I announced new fuel standards for light trucks and vans. Two-wheel drive vehicles in model year 1980 must average 16 miles per gallon (mpg) and 18 mpg in 1981. The corresponding figures for four-wheel drive vehicles are, respectively, 14.0 and 15.5 mpg. In addition, a special category had to be established for International Harvester, primarily because of their exclusive use of truck engines. The 1981 standards will be 0.5 mpg lower if EPA does not approve certain fuel lubricants and the final rule requires trucks imported by domestic manufacturers to meet the standards separately. I think, as a result of this decision, that we will make real gains in energy conservation without serious employment impacts. The proposed

rule strikes a fair balance between the requirements of the statute and the technical and capital capabilities of the industry.

Railroad Legislation - On March 15, we submitted a package of railroad legislative amendments to Congress. These changes deal primarily with our state assistance program, to make it focus more on rehabilitation of railroad branch lines. The states have expressed enthusiasm for this program, especially in agricultural areas.

Unsuccessful Hijacking of United Flight 696 - The second U.S. airline hijacking of 1978 occurred on March 13 on a United flight from San Francisco to Seattle carrying 69 passengers and 6 crew members. The combined DOT/Justice team again handled the five-hour incident so no one was injured and the hijacker surrendered to the FBI in Denver. Since strengthened aviation security requirements went into effect in early 1973, none of the hijacking attempts have been caused by actual weapons or explosives infiltrating through the passenger screening procedures.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

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March 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren
Gus Speth

N.S.

SUBJECT: Weekly Status Report

Wildlife Law Integration and Simplification: We submitted to formal interagency review today the Council's report and recommendations on how to simplify, coordinate, and codify the body of law affecting wildlife conservation. Earlier informal interagency consultation evidenced broad support for the recommendations.

Congressional Relations: CEQ hosted a breakfast with your Congressional Relations staff and invited EPA and DOI legislative liaisons and key staff members from Hill committees which deal with environmental issues. A good discussion took place about legislative priorities, problems and needs affecting the Administration. The group felt the meeting was very useful and decided to meet on a monthly basis.

Reorganization: We have worked particularly closely with the Natural Resources/Environment reorganization project during the past two weeks. We have responded to requests for assistance, and we have provided the project with several memoranda on ways to improve agency performance in areas where we felt that our understanding of agency operations would be of special use to the project.



THE SECRETARY OF THE INTERIOR
WASHINGTON

March 17, 1978

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of March 13

Congratulations on your Panama vote.

The Hotel and Restaurant Employees and Bartenders International Union were definitely responsible for Senator Cannon's vote and put effort into convincing Senators Brooke, Heinz and Randolph. Governor Mike O'Callaghan was also helpful. I have a commitment to keep in this matter, but we can discuss this later.

For our environmental friends, I suggest a bill signing ceremony for our recent victories on the Appalachian Trail, Redwoods and Chattahoochee.

The Foothills Project (Denver's water supply question) will be decided next Tuesday. I suggest that you not be drawn into the controversy as it is a no win situation. Both sides get a "half a loaf."

Senator Abourezk is mad because of our decision on the Indian takeover of the BIA headquarters in New Mexico. We met force with firmness and the New Mexico Delegation is supportive as is Jerry Apodaca. The problem is resolved except for Abourezk.


CECIL D. ANDRUS



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D. C. 20410

March 17, 1978

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

Dealing with Mental Illness on Indian Reservations. HUD and HEW have agreed to assist in developing a plan to use traditional Indian family relationships to prevent and cure mental illness of children and older persons. Small groups of children would be housed in family-sized residences in a surrogate "family." Older persons would assume their traditionally respected role as a source of counsel and assistance to the "family" and the "grandchildren." HEW would provide both technical assistance and special services and HUD would assist in assuring that the physical design was consistent with Indian housing program requirements.

Dr. Karl Menninger and other experts, along with representatives of the Hopi, White Mt. Apache, Navajo, and Zuni tribes, endorsed the concept at this week's meeting in Phoenix. If successful, this approach will be considered for non-reservation use through support of the family relationships that still exist or can be revived in the black and ethnic societies in rural and urban locations.

Decentralization for Elderly-Handicapped Housing Program. HUD Area Offices will process applications from eligible nonprofit borrowers to build 24,000 new or substantially rehabilitated elderly housing units under the Section 202 program. This decentralization will make units available sooner by allowing faster processing of applications. Prospective sponsors must apply no later than June 15 of this year.

Grants to Housing Counseling Agencies. HUD has completed its first competitive grant allocation process and has selected 199 agencies to share more than \$3.1 million to support their comprehensive housing services. The community-based agencies provide services that range from helping low-income families avoid foreclosure to teaching tenant groups in housing projects to weatherize their apartments to conserve energy.

All Jobs Filled. The Senate's confirmation of Gloria M. Jimenez as Administrator of the Federal Insurance Administration filled the last open Presidential appointment in HUD. Senator Proxmire strongly supported Ms. Jimenez's confirmation.

Promoting Women Pays Off. Congressman Timothy E. Wirth (D.-Colo.) sent the attached letter to Betty Miller, Administrator of our Denver Regional Office. As Congressman Wirth suggests, we intend to keep up the good work.


Patricia Roberts Harris

Attachment

TIMOTHY E. WIRTH
SECOND DISTRICT, COLORADO

COMMITTEES:
INTERSTATE AND FOREIGN
COMMERCE
SCIENCE AND TECHNOLOGY

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
312 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-2161

DISTRICT OFFICE:
8485 WEST COLFAX AVENUE
LAKEWOOD, COLORADO 80215
(303) 234-3290

February 24, 1978

Ms. Betty Miller
HUD Administrattor
Region VIII
Tower Building
1405 Curtis Street
Denver, Colorado 80202

Dear Betty:

A quick note to tell you what a great job you are doing! And I have empirical evidence. The number of complaint--problem--frustration calls to our office about HUD has fallen to zero. Obviously, a firm and careful, well organized hand is at the helm.

At a time when Federal government problems only seem to get worse, this is remarkably refreshing. So refreshing that this is the first letter like this that I have every written!

Keep up the good work, and let me know if we can help.

With best wishes,

Sincerely yours,

Timothy E. Wirth

TEW:m
cc: Patricia Harris
Richard Lamm
Thomas Goodwin



Office of the Attorney General

Washington, D. C. 20530

March 17, 1978

Re: Principal Activities of the Department of Justice
for the Week of March 13 through 19

1. Meetings and Events

The Attorney General testified Monday before Congressman Kastenmeier's House Subcommittee on Courts on merit selection of judges and prosecutors. On Tuesday, he testified before the House Appropriations Committee on Department of Justice Appropriations. On Tuesday evening, Judge Bell delivered at New York City's Fordham Law School, the Sonnett Lecture, entitled "The Attorney General: The Federal Government's Chief Lawyer and Litigator, or one among many?"

Tom Vail, Publisher of The Cleveland Plain Dealer, and Ed Pound, a reporter of The Washington Star, each conducted interviews this week with the Attorney General.

On Sunday, the Attorney General will participate, along with Chief Justice Burger and others, in the dedication of the National Center for State Courts in Williamsburg. Judge Bell will deliver the Keynote address Sunday night.

2. Civiletti Hearings and Undocumented Aliens

•The Senate Judiciary Committee continued Friday into its fourth week (or 17 days) on the nomination of Benjamin Civiletti to be Deputy Attorney General.

•The Attorney General on Friday sent Chairman Eastland a letter criticizing Senator Wallop's public disclosure Thursday of certain matters from an internal prosecutive memo contrary to express warrants of confidentiality to the Department. The presiding Senator read the letter in the public record.

•Late Wednesday afternoon, the Attorney General received word that the long-scheduled Senate Judiciary Committee hearing on the Administration's undocumented alien legislation was indefinitely postponed on account of the Civiletti hearings. The Attorney General was to have testified Thursday morning, the Secretary of Labor on Tuesday, March 21, and the Deputy Secretary of State on Wednesday, March 22.

3. Hanna Pleads Guilty

Former Rep. Richard T. Hanna, of California, the only present or former congressman indicted in the Korean influence-buying scandal, pleaded guilty Friday in U.S. District Court for the District of Columbia to one count of conspiracy to defraud the U.S. Government. The plea avoids a trial which was scheduled to begin next week on a 40-count indictment.

4. Mitchell Furlough Extension

The furlough of John Mitchell was extended until March 27 to allow him to testify before Congressman Fraser's subcommittee on the KCIA case and to allow further recuperation from his aneurism operation.

5. Socialist Workers Party Case

A federal district judge in New York has ordered the FBI to reveal to plaintiffs' attorney in a civil lawsuit the identities and files on 18 FBI informants. This is an unprecedented order, and compliance would endanger the informant program in the entire law enforcement and intelligence community by undermining a pledge of confidentiality extended to all informants. The Attorney General is giving this matter his personal attention, and may face a contempt citation from the district court. A 2-week stay of the district court's order was granted by the Second Circuit today, less than two hours before the order became enforceable.

6. Environmental Impact Statements for Papers to the President

Oral argument in the North Dakota water policy case is set for Tuesday morning in Omaha before Eighth Circuit Judges Lay, Bright, and Ross. Assistant Attorney General James Moorman will argue for the United States.

7. William Moore Letter on Marston

The Attorney General asked that a letter to him on the Marston affair and merit selection from William T. Moore, the United States Attorney of the Southern District of Georgia, be attached to this weekly report for the President's information.

not attached - letter expresses support for the President against "unwarranted abuse" re: the Marston affair.

8. USA v. Ronald Humphrey and Toung Dinh Hung

Friday marks the beginning of the hearing in the U.S. District Court in Alexandria on Defendants Motion to Suppress Evidence from the electronic surveillances and physical searches approved by the President and/or the Attorney General in this case. The Attorney General has submitted an affidavit and has offered to testify if necessary.



VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420
March 17, 1978

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•TO: The President
THRU: Rick Hutcheson, Staff Secretary
FROM: Administrator of Veterans Affairs

Max [Signature]

VA Presidential Update

HVAC Letters - Each House Member has been alerted in jointly signed personal letters from the Chairman and the Ranking Minority Member of the House Veterans' Affairs Committee that their states and districts will lose VA hospital beds under VA's F.Y. 1979 budget. The Ray Roberts-John Paul Hammerschmidt letters provided a breakdown of bed losses for each hospital, called for reversal of VA plans to close 3,132 beds, and warned that \$408.7 million must be added to the budget to maintain medical care at an "acceptable" level. These letters - along with warnings already circulated by veteran organizations - brought immediate reaction. Protests from a great many Hill offices centered on the proposed bed cuts.

More Research Money - Chairman Alan Cranston announced the Senate Veterans Affairs' Committee has recommended adding \$18.3 million to the VA budget for medical research. At a 3/6/78 committee hearing, the SVAC heard testimony from three VA research scientists, including Nobel Prize winner Dr. Rosalyn Yalow. Dr. Yalow said planned reductions in VA research activity are damaging to morale and the health care of veterans, and are "ruinous" to VA's medical career development program. Protests of possible research cuts are mounting. The Dean of the Medical School affiliated with the Northport, Long Island, VA Hospital said he would sever the affiliation if Northport lost its research funds.

"No Chance" - Chairman Cranston said there is "no chance" Congress will approve your proposed modification of veterans preference in hiring, according to AP. After quoting Cranston, "I don't support changing veterans preference," the AP story noted Cranston is also Assistant Senate Majority Leader "and a Carter supporter on most issues."

Camden - The House Veterans Affairs' Committee has recommended building a new VA hospital at Camden, N.J., a project deleted in our F.Y. 1979 budget request. The HVAC is asking the House Appropriations Committee to provide \$75 million for the Camden project in the F.Y. 1980 budget.

Honorable Griffin B. Bell

Page Two (2)

February 16, 1978

As you know, Georgia was one of the states which appointed a commission for the selection of federal judges and United States attorneys. I went through this selection process of responding to lengthy questionnaires and being personally interviewed by the selection commission. Not once during the many months of selection process did I ever speak to either Senator Nunn or Senator Talmadge, and in fact, I did not know these gentlemen. I can personally state that had I walked into either of the senator's offices and introduced myself that they would not have known me or recognized me. Not once during the process did I ever speak with President Carter, and in fact, I never met or spoke with President Carter when he was governor of the State of Georgia. Once when President Carter was running for governor, he came by my law office in Savannah (just as he did to every other law office in the city), shook the hand of all the lawyers in the office, and asked for our support. To my knowledge, this is the only time that I have ever spoken to the President in my life. Not once during the entire process did I ever speak with you. To my knowledge, the only time that we had ever met was a casual meeting at a social function when you were in Savannah several years ago visiting your son. I am sure that you do not remember this meeting, and I recall it because as an attorney, you do not forget a personal meeting, even though slight, with a man who is at that time serving as a judge on the Fifth Circuit Court of Appeals.

I am thankful and honored that I was selected by the Commission, the senators, the President, and yourself to hold this position. I have never felt that I owed this position to any political patronage, nor that I owed or was expected to show any favoritism to anyone in the performance of my duties and responsibilities. The affairs and publicity of recent weeks have not discouraged me in my personal feelings towards this position and my responsibilities.

It is my sincere hope that the American people will realize the giant steps that you, the President and

Honorable Griffin B. Bell
Page Three (3)
February 16, 1978

the United States Senate, have taken in an effort to give the people the best possible candidates as federal judges and United States attorneys. I personally feel the blow of every stone that is cast at you and the administration on this issue and encourage you to be of strong heart and thick skin and not to become discouraged by this unwarranted abuse.

Sincerely,



WILLIAM T. MOORE, JR.
United States Attorney

WTMjr/jac

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson 

March 17, 1978

RE:

Summaries for the Week of March 13 -
17, 1978

We are attaching the weekly summaries.

CC: The Vice President



United States of America
General Services Administration
Washington, D.C. 20405

Administrator

March 17, 1978

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

A negative report is submitted for the week ending March 17, 1978.

James B. Rhoads

for

JAY SOLOMON
Administrator



THE SECRETARY OF THE INTERIOR
WASHINGTON

March 17, 1978

Honorable James Abourezk
United States Senate
Washington, D.C. 20510

Dear Senator Abourezk:

I regret and am disappointed that you found it necessary to suggest that I ask for Assistant Secretary Gerard's resignation. The action at Albuquerque was an administrative decision in which I support Mr. Gerard's decision.

Hopefully, you will come to understand that this action was in the best interest of the Indian Nations. Until that time, however, I feel this prompt reply is necessary to advise you that I am supporting Secretary Gerard's decision and denying your request.

Respectfully yours,


CECIL D. ANDRUS
SECRETARY

cc:

The President
Assistant Secretary Forrest Gerard
Del Lovato, All Indian Pueblo Council
Frank Tenorio, All Indian Pueblo Council